will gather in Washington to commemorate the 50th anniversary of the establishment of NATO. Some may see the juxtaposition of this summit against the images of NATO airstrikes over Yugoslavia as being ironic. I see it differently. I see it as prophetic.

The world has changed in the past 50 years, but as the events in Kosovo so graphically illustrate, the world has grown no less dangerous. NATO, likewise, has undergone significant changes over the years but remains no less important to the security of Europe. The key challenge facing NATO today is the dramatic change in the nature of the threat. The cold war is history; the Soviet Union is defunct; the Berlin Wall is just a pile of rubble. Forces massed along the borders have given way to flash points dotted around the globe. The tense but symmetrical standoff in Europe between the East and the West has been exchanged for the capriciousness of terrorists and tyrants.

Just as the nature of the threat has evolved, so must the structure and mission of NATO metamorphose if it is to remain relevant into the 21st century.

In 1949, when the alliance was formed, the Soviet Union and its satellites posed the only credible threat to Western security. It was the chilly dawn of the cold war era, and NATO was precision-tuned to meet the cold war challenge. In the ensuing decades, as NATO expanded from the original 12 to 16 member nations, the alliance grew in strength and stature to guard Western Europe against the formidable forces of the Warsaw Pact nations.

Conflict in Korea and Vietnam, turbulence in the Middle East, the growing influence of China—none of the cataclysmic events of the second half of the 20th century deterred NATO from its focus on the Soviet Union and Eastern Europe. And, in the end, NATO's intensity and single-mindedness paid off handsomely, with the fall of the Berlin Wall and the subsequent collapse of the Soviet Union and the Warsaw Pact.

Through the years, NATO has adjusted its strategy and its mission to meet changing circumstances, but never has the challenge been as great or as far reaching as it is today. Where once NATO contended with the shifting fortunes of a cold war enemy massed along a single front, today the alliance is confronted with brush fires in its backyard, the threat of terrorism from geographically remote nations and organizations, and the proliferation of nuclear weapons in virtually every direction.

To meet this shifting political and military landscape, NATO has expanded on its primary focus of defending its members against the threat of attack by reaching out to its former foes to promote European stability and security. Only last month, Poland, Hungary, and the Czech Republic were welcomed into the alliance. And nine other nations are clamoring for membership.

It is in this context that the 19 members of the alliance will gather in Washington to mark the anniversary of NATO and to discuss the future of the alliance. And it is in this context that the conflict in Kosovo can serve as a useful template for many of the challenges that the alliance is likely to face in the early years of the 21st century.

The lessons learned in Kosovo, preliminary though they may be at this point, should be brought to the summit table. The lessons that are still to come, as NATO prosecutes the attack on Yugoslavia, must be accommodated in any future strategy.

Several specific issues arising from the Kosovo conflict deserve careful consideration by the members of the alliance. And these include the following:

First, NATO should discuss the wisdom of establishing a more robust forward operating presence in Europe beyond alliance headquarters. Given their history, the Balkans are a logical choice. The time and logistical constraints built into ferrying people and equipment from the United States, Britain, France and elsewhere to the front are formidable. The result is a potentially serious disconnect in the ability of commanders in the field to respond rapidly and effectively to changing circumstances. One example of the problems this remote staging has caused is the agonizing wait for the U.S. Apache helicopters to arrive in theater—a delay that has cost NATO in terms of tactical flexibility and has given the Serbs in Kosovo a lethal window of opportunity to carry forward their ethnic cleansing activities.

Second, and in conjunction with a more aggressive NATO forward operating presence, the allies must accelerate their efforts to field common systems and increase interoperability. This does not mean that the United States should become an open-ended pipeline for the transfer of technology to our NATO allies, but there are basic military tools that should be available to, and designated for, NATO operations.

Third, the Kosovo operation should be the genesis for a top-to-bottom review of the NATO decisionmaking process. While the system seems to be working reasonably well considering that it is a conflict being fought by committee, there is no doubt in my mind that decisionmaking must be streamlined. It is, for example, far too cumbersome to give each of the member nations veto power over the list of military targets. It may be well for NATO to consider establishing subgroups of responsibility defined operationally and perhaps even geographically. At all costs, NATO should not blunder into the decisionmaking no-man's-land that has paralyzed the effectiveness of the United Nations.

And finally, NATO should continue to engage Russia as a vital partner in its quest for stability and security, and redouble it efforts to bring other former Soviet bloc nations into the alliance once they have met NATO membership criteria. This is the time to reach out, not to pull back. NATO's sphere of interest and influence no longer spans just the Atlantic Ocean; it spans a vast and complex territory never contemplated in 1949. In this new operating arena, a broader but still solid base will mean a stronger, more vigorous alliance.

We would be foolhardy to believe that Kosovo is an anomaly, just as we would be foolhardy to believe that Kosovo will be the only model of future conflict. The threats that face the NATO alliance at the beginning of the 21st century are many and varied, and they will doubtless proliferate in the coming years. The threat of nuclear attack from rogue nations, the possibility of so-called ''loose nukes'' falling into the hands of terrorists, the danger of chemical or biological warfare, the prospect of cyber-attack, the reality of increasing ethnic tensions amid shifting resources and contested borders—these are some of the threats that the United States and its NATO allies face in the coming years. And these are just the threats we can predict today. Who knows, ten years or twenty years from now, what perils the world will face and what shape our defenses will have to take. But as the conflict in Kosovo so sharply indicates, we must be prepared for the unexpected, even the unimaginable. If NATO has the staying power to celebrate its centennial fifty years from now, it will be in a world that few of us can image today.

NATO has served a worthy purpose since its inception in 1949. Its role in the future security and stability, not only of Europe, but also of the United States as well as far-flung corners of the world, is equally essential. And so I salute NATO on its 50th anniversary, and I urge its representatives to weigh carefully the future goals and mission of the alliance. NATO is at a crossroads: it can remain a force for security and stability in the world, or it can become just another relic of the cold war. For the sake of us all, I hope that NATO charts a course of action that will steer it safely through the turbulence of today and into the 21st century.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

GUIDANCE FOR THE DESIGNATION OF EMERGENCIES AS A PART OF THE BUDGET PROCESS

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative assistant read as follows:

A bill (S. 557) to provide guidance for the designation of emergencies as a part of the budget process.

The Senate resumed consideration of the bill.

Pending:

LOTT (for Abraham) amendment No. 254, to preserve and protect the surpluses of the Social Security trust funds by reaffirming the exclusion of receipts and disbursements from the budget, by setting a limit on the debt held by the public, and by amending the Congressional Budget Act of 1974 to provide a process to reduce the limit on the debt held by the public.

Abraham amendment No. 255 (to amendment No. 254), in the nature of a substitute.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I was about to ask what business we were on, and the Chair has answered the question.

What I will do now is talk for a few minutes about the reasoning behind the amendment I brought on behalf of myself and Senators DOMENICI, ASHCROFT, LOTT, NICKLES and several others, the so-called Social Security lockbox.

First, I think it is important for our constituents to understand exactly what process happens now and what has been happening to their Social Security payroll taxes.

If you are a working American, Social Security payroll taxes are taken out of your paycheck. Most Americans rue that little FICA box, as they know it means a reduction in the amount of take-home pay they have. The money that falls under the Social Security component of the FICA tax goes into the Social Security trust fund. From there it is used to pay Social Security benefits to retirees.

Right now, however, the Social Security trust fund is taking in more money in taxes than it is paying out in benefits. We are doing that because in 1982 and 1983, as a result of the Bipartisan Commission's recommendations, we came up with an increase in the payroll taxes, the goal of which was to begin to build a surplus that could be used to meet the retirement demands, in terms of the system, of baby boomers.

As a result, over the next 10 years, starting this year, Social Security will build up a surplus of $1.8 trillion. That means 1.8 trillion more payroll tax dollars are going to go into the Social Security trust fund than will be needed to meet the retirement benefit paychecks that will be paid during that timeframe.

As I think most Americans know, and it seems at least virtually every senior or person nearing senior citizen age in my State that I meet with knows, Social Security surpluses have, in recent years, been used to mask the size of the Federal deficit and basically to finance other Government spending—everything from foreign aid to funding for the bureaucracy in the Internal Revenue Service.

Now, however, Mr. President, as a result of the hard work this Congress and previous Congresses have done in the last several years, we are on the verge of balancing the budget without using the Social Security surplus. In fact, over the next 10 years, the Federal Government will accumulate a total budget surplus of $2.7 trillion—$1.8 trillion, as I mentioned, in the Social Security trust fund and $900 billion in non-Social Security surpluses.

The question, then, is what should we do with the Social Security surpluses that we are contemplating generating over the next 10 years? Should we continue spending those surpluses on other Government programs, on new spending programs, or on increases in existing programs? Or should we save those dollars for Social Security? Remember, that was the intent of developing the surplus, to set aside additional surplus Social Security dollars for the day when Social Security income is no longer meeting its outflow in terms of paychecks.

Well, those of us bringing this amendment today say, very simply, let's save it all. We want to save every penny of every dollar to fix the Social Security program, to modernize the program, so that it is ready to meet the demands of the 21st century. If we don't pass a Social Security modernization plan, then it is our belief that that money should be used to reduce the public debt and not used for new spending programs, for tax cuts, or for anything else.

That is the purpose of the legislation we are offering in the form of this amendment—to set up, in effect, a safe-deposit box into which we would put Social Security surpluses to guarantee that they are used solely to modernize Social Security or to pay down the debt.

Mr. President, this protection is needed. It is needed because, without it, the Social Security surplus will be spent. President Clinton said in a press statement of November 15, 1995, that he wanted "to assure the American people that the Social Security trust fund will not be used for any purpose other than to pay benefits to recipients."

"Under current law," he went on to say, "the Secretary of the Treasury is not authorized to use the fund for any purpose other than to pay benefits to recipients. There will be no exceptions under my watch. None. Not ever."

That is pretty unequivocal language: The Social Security trust fund will not be used for any purpose other than to pay benefits to recipients. Unfortunately, in 1998, as you will recall, the President threatened to shut down the Government if we didn't appropriate $21 billion in new Federal spending, to be funded, in effect, from the Social Security surplus. And now the Congressional Budget Office reports and has estimated that the President's latest budget, the one he submitted in February, spends $158 billion of the Social Security surplus—20 percent of the surplus that will be generated over the next 5 years on non-Social Security programs.

If we have learned anything else over the last several years, we should have learned beyond a shadow of a doubt that money left in Washington will be spent in Washington. That includes money in the Social Security trust fund.

I have singled out the President in my comments here because of this year's budget submission, as well as last year's spending bills; but it is not one side of the aisle alone that has a tendency to spend dollars. We have all voted for spending bills here that have taken the Social Security trust fund money and spent it elsewhere. In my judgment, the failure of the current budget process to provide safeguards against such spending demands that we put in place the kind of safe-deposit lockbox we are discussing here today in order to make sure that in the future the Social Security surplus dollars are protected, because unless we protect that surplus, in my judgment, it will be spent and we will not have adequate money to make sure that Social Security is not only available to today's seniors but tomorrow's seniors as well.

The purpose of our Social Security lockbox is to make Social Security funds unavailable to those who want to spend them. First, it reaffirms that Social Security is off budget. Second, it establishes a 60-vote Senate point of order against any resolution or legislation that spends the Social Security surplus. Third, it establishes in law a declining limit on the amount of debt to be held by the public, which keeps Social Security moneys from being spent on Washington programs.

In other words, Mr. President, initially on an annual basis, and then on a biannual basis, this legislation would mandate that the publicly held debt be decreased by the amount of money in the Social Security trust fund surplus until such time as we pass Social Security modernization legislation that would use those surpluses. In other words, if Congress does not pass a Social Security modernization plan, we will reduce the public debt, and the total amount over that 10-year period would be over $1.2 trillion—well over $1 trillion that would otherwise have been simply spent would, under this proposal, be used to pay down our debt. That, in turn, would lower interest rates, strengthen our economy, and strengthen the Social Security system accordingly. By strengthening our economy, this debt reduction will directly impact, in my judgment, not only economic growth but the strength of Social Security.

Mr. President, in light of the time, I want to turn at this point to some of the comments that have been made on the Senate floor with regard to this amendment. Perhaps the most serious we have heard are serious charges that this amendment would prevent the Federal Government from meeting its obligation to pay Social Security benefits themselves. This is premised on a letter that was sent by Secretary of the Treasury Rubin some time ago—before this legislation was even drafted, I might add—criticizing the as-yet-to-be-drafted legislation on a number of counts. Some have referred to the letter from Secretary Rubin in expressing his concern about a bill not yet introduced.

I urge my colleagues who have raised these concerns to please read the text of the amendment before us today. Let me point out in this regard that no fewer than three provisions in this amendment guarantee that there will be absolutely no disruption of any kind in the payment of Social Security benefits. We attempted—even though we had not yet drafted the legislation—in drafting the initial bill itself, which is offered in this amendment, to make sure that the concerns raised by the Secretary of the Treasury were, in fact, addressed. First, we included a recession trigger, which would suspend these public debt limits in times of recession and reinstate them only after we had recovered from a recession at a newly adjusted public debt level. Second, we included a provision seeing to it that no short-term task management problems would endanger Social Security payments. We have done that very specifically. Finally, we provided for a 7-month delay in implementing the lower debt limit figures—a delay that would make sure that when the publicly held debt limit was reduced, that event would occur at a time when the Treasury was at its maximum annual cash flow position, so that any type of management of money challenges the Secretary of the Treasury might have that might precipitate a short-term cash flow problem would not be encountered.

In our judgment, this will provide the Secretary with a buffer that will be more than adequate, in terms of cash flow, to meet all Social Security obligations. In addition, the amendment contains a legal declaration that Social Security benefit payments required by law have priority claim on the U.S. Treasury. Such provision should not be necessary because in the highly unlikely and, indeed, unprecedented case of a default, I would be shocked to find that Secretary Rubin, or any of his successors, would give greater priority to spending dollars on foreign aid, corporate welfare, or the IRS bureaucracy than paying benefits to seniors. Nonetheless, to ensure that does not happen, we have included in this amendment a guarantee that, in the highly unlikely event of a default, Social Security benefits will be paid first.

Finally, I must add one other guarantee of Social Security payments. I must mention one, and that is the Members of Congress themselves. I cannot conceive, and I am sure the Presiding Officer cannot conceive, that there is any Member of this body who would not vote to suspend these debt limits immediately if there was any risk of failing to meet our Social Security obligations. That would not happen. I don't think there is a Member in the House or the Senate who would vote to make sure those payments were met, and that is what we have—a point of order that can be overturned by a 60-vote Senate vote on the legislation.

Social Security benefits are not endangered by this amendment. They are, in fact, made much safer by its provisions for saving Social Security, as well as the clear priority the amendment gives to all Social Security payments.

The bottom line, Mr. President, is that we believe this amendment would make Social Security safer, and that is why 99 Senators recently voted for a sense-of-the-Senate resolution declaring that every nickel of the Social Security surplus should be saved in this way to fix Social Security, or to reduce the public debt.

I urge those same 99 Senators to vote for cloture so that we can have an up-or-down vote on this amendment.

I also say this. I know there are other Members who have other ways in mind as to how, perhaps, to address the challenge of protecting the Social Security surplus. In fact, I suspect the Senator from South Carolina, who spoke about this yesterday, will perhaps offer an amendment that he offered in committee. That is fine. I think we should offer different proposals. Let's vote them up or down. Let's not prevent votes from taking place. I would like a vote on this amendment, and I would certainly be happy to have a vote on amendments offered from other Members on either side of the aisle. But let's move the process forward.

I think most people would like to see us addressing this issue head on and not deferring it and not refusing to take votes on it. I think what we should do is try to offer those various approaches and have the chance to have them debated in the context of the bill on the floor, and then vote on the amendment we are proposing, and on others as well, and we will see where the Senate judgment ultimately lies.

In any event, Mr. President, I appreciate the opportunity to speak here today, and that I will now replace the Presiding Officer. I notice that the time for that, too, has arrived.

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield for a question?

Mr. ABRAHAM. I will yield for one. I have to relieve the Presiding Officer.

Mr. HOLLINGS. He doesn't mind. He loves it.

I just heard coming on the floor the expression that ''every nickel'' is expended for Social Security. Is that correct, under this amendment?

Mr. ABRAHAM. Our proposal, as the Senator knows, is to make sure that every Social Security surplus dollar is either spent in conjunction with legislation to modernize and guarantee the long-term solvency of Social Security, or used, as I said, to pay down the publicly held debt.

Mr. HOLLINGS. That isn't what it says. ''Every nickel,'' the Senator said, could be used for Social Security. What I am trying to distinguish here, and asking the question, is the doubletalk, which obviously when you say ''every nickel'' used to reform or pay for Social Security or pay down the debt, now when you use moneys to pay down the debt, that is not for Social Security.

Mr. ABRAHAM. As I think I laid out very clearly what the amendment does, I think the Senator from South Carolina would agree with me that when we take the Social Security surplus dollars and spend them on new spending programs or tax cuts or the expansion of existing programs—that is what has been going on—I don't think that is what we want to see done with those dollars.

Mr. HOLLINGS. Right.

Mr. ABRAHAM. The issue is what do we do with them, if we don't spend them or use them for more spending programs?

The legislation we are proposing says we either use those dollars to fix Social Security to deal with this long-term insolvency, or until we pass such legislation that we would use it to pay down the national debt.

In my State, at least, I find an overwhelming number of people who feel that paying down the national debt is the one and only alternative for using these dollars. That makes sense to them because they know that will help us in the long term to address Social Security and solvency and a variety of other challenges that we face as a country.

Mr. HOLLINGS. How do you pay down the debt with Social Security money, thereby causing a debt in Social Security? Social Security, I ask the distinguished Senator, is not responsible for the debt. In fact, Social Security is running a surplus, a surplus which was created intentionally to help fund the retirement of the Baby Boom generation.

So let's both agree that Social Security hasn't caused the debt.

Mr. ABRAHAM. That is right. I agree.

Mr. HOLLINGS. When you use the expression ''to pay down the national debt,'' or the ''public debt,'' or whatever debt, it is debt caused by spending, or by tax cuts, or both. So you are not using every nickel for Social Security. On the contrary, what you are using is Social Security moneys to pay other debts for any and every purpose but Social Security.

I don't understand the distinguished Senator coming along and supporting this. I don't want to see him get in trouble, because I am going to ask the majority leader to pull this amendment down. They don't want a vote on this. What he is saying is that he wants to save Social Security. I have the quotations in the file of everyone.

Senator DOMENICI says ''every nickel'' to be spent on Social Security. Senator GRAMM says ''every nickel'' to be spent on Social Security. I come in on the floor, and Senator ABRAHAM says ''every nickel'' to be spent on Social Security. Then when you use the expression ''pay down the debt,'' which everybody wants, I agree with that. But when you use that expression and use that legislation, the amendment, to pay down the debt, in essence what you are saying is you are going to use Social Security, not for ''every nickel'' on Social Security, but for every nickel on any and everything other than Social Security.

Mr. ABRAHAM. As the Senator from South Carolina knows, Mr. President, right now we are spending as much money as the current benefit system requires. We are fulfilling every single benefit which Social Security on an annual basis requires. The question is, If you have additional money, what do the American people want done with it? I think the American people do not want it spent for and don't want to see that additional surplus used for tax cuts. I think the American people are fed up with that.

In my judgment, if the amendment were offered and passed, then that money will be spent, or it will be used in one of the fashions you have just described, the very way it has been used since 1983.

So the question is which option do we prefer? I would like to see the money used to modernize Social Security. I hope we can on a bipartisan basis come forward with a plan that, in fact, modernizes Social Security for the 21st century. Until we do that, of the three choices left to us, it seems to me that at least the constituents in my State want to make sure that money doesn't get spent. I don't want to see it used for tax cuts. We want to see it used either to fix Social Security, or to bring down the national debt, because by bringing down the national debt we will, in effect, strengthen our position as we attempt to solve Social Security in the long term.

Mr. HOLLINGS. I will get into the point about the national debt. I wish, as the Senator just outlined, ''pay down the national debt''—the truth of the matter is paying down the public debt has caused the national debt to continue to rise. We are not paying down the national debt.

I wish Mr. Greenspan and Chairman DOMENICI, and all the rest who are talking about paying down the debt, would say, just as the Senator from Michigan has said, pay down the national debt, but the assumption is you have money left over. The truth of the matter is having used Social Security over the last several years, since 1983, to pay down the public debt, we now owe. We don't have a surplus in Social Security. This year the Social Security surplus is estimated to be $127 billion, but by the end of the year we actually will owe $857 billion to Social Security. Why? Because we loot money from the trust fund and use it for other things.

That is my problem. And it was intended for the surplus money to stay there and to earn under section 201, in regular Treasury bills, government securities. And this year, if left untouched, it would earn almost $50 billion in interest for the Social Security trust fund.

Incidentally, I know the Senator is a good businessman. That is the policy for corporate America. We make it a felony to pay down the company debt with the pension fund. Here we are paying down the government debt, whether it is public or the national debt, we are paying down the debt with Social Security, or the pension money, where it is a felony in private practice. We think that is a wonderful policy.

Mr. ABRAHAM. We are sort of moving a little beyond the question here, I say to the Senator, in that I have to relieve the Presiding Officer.

Here is what I say to the Senator from South Carolina. We have a lot of ideas. Senator HOLLINGS has offered in the committee his alternative as to how we should deploy these resources, these surplus dollars. Others have talked about an even bigger lockbox than the one we are proposing that might encompass other areas of Federal spending. That is fine. I am more than happy to debate each of these options. I would just like to see us vote on this option.

I would like to see the Members of the Senate have a chance to vote yes or no on the question of whether or not we create as an option to using these dollars for spending or tax cuts the option that would have to be followed of using it to pay down the debt.

In my judgment, Mr. President, that is an option that seniors, and people who will soon be seniors, would prefer to see these dollars used for as opposed to the way they have been spent in recent years.

But if a majority of the Senate thinks that they prefer to see these dollars spent, whether on tax cuts or new spending programs, they can vote on it. And they should have a chance to vote on it. In fact, tomorrow they will have their first chance to vote on it. I say let's give the various plans their day in court here and let's see if the majority of the Senate supports one over the others.

Mr. President, I yield the floor to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I appreciate the distinguished Senator from Michigan yielding and engaging in a colloquy with me.

Moving right to the point, it is not a question of this particular approach or that particular approach. It is this particular amendment by the distinguished Senator from Michigan. I think it ought to be withdrawn.

What has been prompting this maneuver? They have been planning to see how in the world they could kill the President's program in one instrument while ensuring a tax cut on the other hand. In order to do that, they brought out the budget resolution with all that language I pointed out earlier yesterday repealing the pay-go rule. After repealing that pay-go rule, they can come in later with tax cuts.

Incidentally, the tax cut is going to be scheduled so that it brings in, over the first 5 years, only a tax cut of about $142 billion; but over the next 5 years, $736 billion. That is how they get by the pay-go rule with that language in the concurrent resolution.

Reading from the handout from the distinguished majority leader, and the author, the distinguished Senator from Michigan, it ''uses Social Security surplus to reduce debt held by public.'' What they are saying is they are using Social Security money to pay a debt.

Now, if it was to pay the debt owed Social Security, the $857 billion which we will owe at the end of this year. Why is that? Because we have been paying down the public debt with Social Security trust funds. That is exactly why there is a debt in Social Security. Under the policy set by this particular amendment, you say that is exactly what we love to do, we are going to use the Social Security surplus to reduce the debt held by the public.

This activity is illegal, in the sense that section 13301 of the Budget Act says you cannot use the particular moneys of Social Security in the general budget. There should never be a budget reported using Social Security moneys by the Congress, by the President, or in the budget resolution. That law, the Budget Act of 1990, was signed by President Bush. I heard a Member mention 99 Senators; 98 Senators, bipartisan, voted for section 13301, but that has been violated ever since its enactment, and that is why the debt continues to grow.

Now, I would shut up, sit down, and take my seat if this amendment said ''use Social Security surplus to pay down the Social Security debt,'' but you are going to use the Social Security surplus to pay down any and every debt but the debt in Social Security and in the same breath say we want to save Social Security and this is how—put it in a lockbox. You say we will put it in a lockbox, and every nickel will be used for Social Security, yet this amendment actually guarantees that every nickel of that surplus will be used for any and every thing but Social Security.

I am sure the Senator from Michigan wants to look at that closely with the Senator from Mississippi, the majority leader, because I had this particular debate last year in the election. My poor Republican opponent came with the same kind of language, and we put him right. We have different organizations to save Social Security. Max Richmond and the rest came down and gave me an award. This is a fact.

And we wonder why there is no confidence in the Congress and why our

Republicans get in trouble on Social Security. They get in trouble on Social Security because they tried to take it away in 1986. That is when they lost the U.S. Senate. Then they fought me. I finally embarrassed them into voting in 1990 to save it. I thought they would obey their own law. They didn't.

Now, in an effort to get on top of the Social Security, they put out the rhetoric that every nickel is going to be saved for Social Security. I can state in this submission exactly what was said. Senator DOMENICI, the chairman, when asked, ''Why is that the case?'' ''Because we say put 100 percent of the accumulated surplus that belongs in the trust fund in the trust fund.''

That isn't what the amendment says. It doesn't say, ''keep it in the trust fund.'' It says, ''use the money to reduce the debt''—any and every debt.

How is the debt caused? Kosovo spending. How is the debt caused? Military pay. How is the debt caused? Foreign aid. Any and every program.

The distinguished Senator from Michigan said that the Commerce Department was running up a debt unnecessary to the Department—abolish the Department. We are going to use Social Security money to pay for the Commerce Department—the very Department that the distinguished Senator said we ought to abolish.

Let me read further. Here is the chairman of the Budget Committee:

> In addition, for those who are wondering what we are doing about Social Security and what the President does about it, let me remind you, we do not spend one nickel of Social Security, of their money, for any new program. When the President of the United States spent $158 billion in the first 5 years out of Social Security trust fund without any apologies, just said spend it, we say ''Don't spend it, keep it in the trust fund and put it in a statutorily created lockbox that would be tied to debt so it never can be spent.''

Further down:

> You do not have to be worried whether that Social Security trust fund is going to be used for tax cuts because we cannot direct that any of that money be used for tax cuts. It can be used for the debt caused by tax cuts.

They are running around wanting to reduce the debt. How can you reduce the debt by giving an across-the-board tax cut? That reduces your revenues and causes the debt to increase.

Senator GRAMM says:

> What this budget does on Social Security is very, very simple. It says every penny [not just every nickel; the Senator from Texas is a real conservative] every penny that we collect in Social Security taxes that we don't have to pay Social Security benefits should be dedicated to Social Security, not to any debt caused by other programs in the government.
>
> We should not spend it on any other Government programs, nor should we use it for tax cuts. Senator DOMENICI, in a proposal that is enshrined in this budget that we will have to vote on, sets up a lockbox. We will not be able to spend one penny of the Social Security surplus. This is vitally important because, as everybody in the Senate knows [I am quoting Senator GRAMM] and I wish every American knew, our Government has been using every penny of money coming into the Social Security trust fund for other programs. We currently have IOUs for this money.

Mr. President, $857 billion, those are the IOUs. So the Senator from Texas and I agree that we have been stealing it. And how do we steal it? We use it to pay down the public debt. How is the debt caused? By tax cuts.

So, what goes around comes around. I know the distinguished Senator does not want to join in that because he wants to save every nickel, he says. I will get the Congressional RECORD tomorrow and I hope they do not change it. But the quotation is there: ''Every nickel to be spent for Social Security.'' That is what Senator GRAMM, the chairman of the Budget Committee, Senator DOMENICI, and the majority leader said. If you really want to save Social Security rather than spend it, you are going to, by gosh, vote against cloture, continue this debate so people can come to their senses. I can tell you that right now, I do not mind voting against it. You can tell my opposition to it.

I will ask the distinguished Senator from Idaho, what about Social Security? I am trying to get sense out of this language here. Fortunately, the 19-page amendment is reduced. As it is described in the handout by the distinguished majority leader, it ''uses the Social Security surplus to reduce the debt.''

How do you use the Social Security moneys to reduce the debt and yet spend every nickel—or every penny, as Senator GRAMM says—for Social Security? The debt is not caused by Social Security. The debt is caused by anything and everything but Social Security. So, once you use Social Security moneys to pay the debt—I will be glad if somebody will just explain that to me and I will be glad to stop. But I just do not understand how we save Social Security by spending its money on any and every other program—the debt of every other program but Social Security.

Would the distinguished Senator want to respond?

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Idaho.

Mr. CRAIG. Mr. President, I will certainly be happy to try to respond to the Senator. The Senator has been here a good deal longer than I, has spent a good deal more time on this issue than I, but he also understands the term ''the debt held by the public.'' Any time you decrease the debt held by the public, you increase the ability of Government to pay their obligations to Social Security. Because those obligations will not be ingrained in new spending—be it discretionary or entitlement spending—we set it aside and we do not obligate it except for, as you would have in this instance, a reduction of debt and a decline, therefore, of interest paid on debt.

That specifically is what the language does. I think it is quite clear and it is quite obvious that we are not obligating Social Security trust funds anymore to entitlement spending or to discretionary spending. And, therefore, when the obligations of the trust fund come due, you have money available because you did not obligate it. Therefore, this Senator and I do not have to go to the public to raise taxes to pay for a system for which the public had already been taxed.

I am not a budgeter, nor am I on the Finance Committee, but I have worked with the chairman of the Budget Committee in the crafting of the language. I find it quite clear, not very confusing at all.

Mr. HOLLINGS. Does the distinguished Senator find that Social Security has caused the debt that we are talking about paying, whether it be public, private or otherwise?

Mr. CRAIG. The Federal Government has borrowed money from the trust funds, as the Senator knows. That is the law that was created.

Mr. HOLLINGS. But I am asking does it cause any debt? Did Social Security overspend?

Mr. CRAIG. It creates an obligation to repay because it is taken out in the form of Treasury notes and interest paid, and certainly there is an obligation to pay back. Whether it is an obligation to pay back or a debt, then that is a game of semantics, but it is an obligation. If I had an obligation to pay, as the Government does, to the trust funds of Social Security, I would consider that a debt burden and something I would have to pay. And I am quite sure my accountant would want me to put that in the ''debt'' column of ''bills outstanding'' or ''money to be paid'' or ''owed to'' a particular payment scheme. I call that debt.

Mr. HOLLINGS. That is because the Government has taken the money from Social Security?

Mr. CRAIG. They have borrowed it by law, as was prescribed in 1935, from the trust funds. That is the only way the money can be held in the trust funds to generate interest on the account. That is correct.

Mr. HOLLINGS. Held in the trust fund? Let's you and me stop there. Why not hold it in the trust funds? Why spend it?

Mr. CRAIG. No, no. Because you would have to use it. If it sat idle, it would lose anywhere from 8 to 10 percent a year on interest it could be earning.

Mr. HOLLINGS. It could be held in trust over in the Treasury. We have a measure to do that.

Mr. CRAIG. And done what with it, invested in the stock market to gain money?

Mr. HOLLINGS. No, invested under section 201. Under section 201 it must be invested.

Mr. CRAIG. Loaned to the Government.

Mr. HOLLINGS. Long-term securities. It takes securities but you can take that money and put it back into the trust funds so it can earn the interest.

Mr. CRAIG. The Senator from South Carolina and I both know exactly what we are talking about. We are talking about the same thing. The law is very specific.

Mr. HOLLINGS. Right.

Mr. CRAIG. You don't loan it out to a bank. You don't play it in the stock market. You loan it back to the Government and the Government uses the money that they borrowed.

Mr. HOLLINGS. That is where we differ. Why would they loan the money? Why not put it back in trust when we make that profit, the maximum amount allowable under law.

Mr. CRAIG. If the Senator will yield just briefly, and I will let him have the floor for the remainder of his time, the Government is not going to pay interest on money they can do nothing with.

Mr. HOLLINGS. We can buy those— you said the Government needs to do it?

Mr. CRAIG. No, the law requires it.

Mr. HOLLINGS. It is not a question of need, it is a question of law.

Mr. CRAIG. The Government doesn't need to do it, the law requires it to do it. I did not write the law; it was written in 1935 before the Senator from South Carolina and I ever got here.

Mr. HOLLINGS. That is what I want to say, exactly. And I think it is a very sound law and I am not trying to repeal it. I am trying to carry out its intent. That is, we reap those benefits like any other Treasury security. Mr. President, there is not any question we are in a dickens of a fix. The CBO predicts that at the end of 1999 we will owe Social Security $857 billion; in the year 2000, it will be $994 billion that will be owed to Social Security. I want you to get the feel and the picture of exactly what is coming. They are talking like this is the only way to do it.

This is the only way to absolutely savage and destroy Social Security. They want to continue to do it formally with this particular amendment, because this amendment, by the year 2001, paying down the public debt with the Social Security surplus, we will owe Social Security $1.139 trillion. Extrapolating it on out, by the year 2007 we will owe Social Security, paying down the public debt, $2.205 trillion; and on the 10th year out, the year 2008, we will owe Social Security $2.417 trillion.

There is where we are going to be faced, before we get to the point of the year 2012–2013, where they said the interest costs then are going to have to be consumed and not earned in order to make the payments. And by 2022, we will be totally out of money. By that time it will be about $4 to $5 trillion. But just in the short period, by 2008, they are talking about all of this going up and how we are paying down the public debt over the years, we are increasing the Social Security debt, all under the auspices and policy of saving Social Security. That is what this Senator is trying to ram home.

This is not saving Social Security. This is spending Social Security, putting it in a deep hole, totally in the red, and there is nobody in his right mind going to come and start trying to raise taxes for $2.417 trillion. That is the course we are on with this particular amendment. That is why the Senator from South Carolina is exercised.

We have several problems. One, of course, is to save Social Security. The way they do it is to continue to pay down the public debt with this particular amendment. It uses the Social Security surplus to reduce the debt held by the public. That is exactly what we have been doing, and now we want to formalize it. In essence, in paragraph 1 of the amendment, they reaffirm section 13301 saying that you cannot do that, and then in a further paragraph on page 10, they say that is what we can do.

I remember, Mr. President, when I was the Governor of South Carolina, we had a contest. We were cleaning up the insurance industry. We had the Capital Life Insurance Company. They were looking for a slogan. We came up with the winning slogan: ''Capital Life will surely pay if the small print on the back don't take it away.''

That is exactly what we have in this amendment. They are trying to say, ''Oh, no, we're not changing the law at all. We have the very same thing. We are doing it exactly the way it has been done over the years.''

This is a long amendment:

> This title may be cited as the ''Social Security Surplus Preservation and Debt Reduction Act.''

Then, it cites a finding. In the finding, Mr. President, right in the very beginning, page 3, section 1, it says:

> (1) REAFFIRMATION OF SUPPORT.—Congress reaffirms its support for the provisions of section 13301 of the Budget Enforcement Act of 1990 that provides that receipts and disbursements of the social security trust funds shall not be counted for the purposes of the budget submitted by the President, the congressional budget, or the Balanced Budget and Emergency Deficit Control Act of 1985.

That is to keep the money in Social Security.

But if you turn to page 10, it has a very tricky clause in here. It is called ''calculation.'' They were calculating when they wrote this one:

> After the Secretary determines the actual level for the social security surplus for the current year, the Secretary shall take the estimated level of the social security surplus for that year specified . . . and subtract that actual level.

When you subtract that actual level, you pay down the public debt. That is where they satisfy we are going to use Social Security trust moneys to pay down or reduce the debt. Fine business. It is reducing the debt for any and every program in Government, whether it is entitlement, discretionary, defense spending, or whatever, for any and every debt caused by every and any program other—other—except for Social Security. That is what gets me.

Then they say every nickel is going to be spent, every penny is going to be spent, lockbox, nobody can touch it, you can't get to this money for any tax cut or for any spending programs or anything else, but you can get it for the debt caused by tax cuts, for the debt caused by spending programs.

That is exactly what this amendment does. I think it ought to be withdrawn, because Members should not want to be in a subterfuge situation of this kind trying to save Social Security and actually savaging the program.

Mr. President, I got into this debate with the Office of Management and Budget when they used the word ''surplus.'' There is no surplus.

We can see from another chart that as of the year 1998, the expected deficit, according to the Congressional Budget Office—and this is the most recent April 15 figure—is $109 billion. Then 1999, $105.2 billion. They expect on the current policy—current policy is not $17 billion to $18 billion for military pay; it is not $6 billion more for Kosovo; it is not the caps being busted; it is really, since we already spent $12 billion last year and already busted the caps in this year's budget, $21 billion.

We are looking for $32 billion there. We ought to pocket right this minute over $50 billion. The task of the Congress to keep current policy to only get to a deficit—again, next year on the 2000 budget of $91.8 billion, Mr. President, we have to start cutting programs some 50 billion bucks.

That is not in the cards at all. My friends on the other side of the aisle who came and said, ''Look, what we want to do is get rid of the Department of Education,'' now say, ''What we want to do is increase spending for education,'' because education, we found out in the political polls, is a very important issue in the Governors' races.

All over America, everybody is interested in education. So now we want to increase spending for education, and instead of abolishing the Department, they are looking at election 2000. So they say, ''What we are going to do is actually increase money.'' You can see at a glance that we are in trouble there.

The deficit, under current policy, continues to go up, as you can well see by the gross Federal debt on page 38 of the most recent economic and budget outlook fiscal years of the Congressional Budget Office. They see that the debt continues to go up in the years 2000, 2001, 2002, 2003, 2004, 2005. And then by the year 2006, the actual debt will start coming down. We will actually get in more money. We will spend less, for the first time, than what we take in.

Right now, our dilemma is that just with current policy and not cutting $51 billion, we are going to have a $91 billion deficit. And if we do not cut some $50 billion from the spending programs to take care of the military, Kosovo, and the particular targets set, then we are going to be back to about $140 billion.

We had a good record in 1993, and it was not Greenspan. I keep hearing how the people out there did it. No; we sweat blood and tears. We voted to increase taxes on Social Security. I hear about all the tax cuts. Where is the tax cut to reestablish the moneys back to Social Security? They have given that up. The Senator from Texas said they were going to hunt us down in the streets and shoot us like dogs with that thing. Senator Packwood stood on the floor and said he would give you his house if the program worked. Congressman KASICH, chairman of the Budget Committee on the other side, said he would change parties.

The stock market has gone over 10,000. Still we have the lowest inflation, lowest unemployment rate, business confidence, what have you, and the program is still working. Greenspan has not had anything to do since 1993. He just sits there as a sage and talks about some kind of increased excitement or whatever else, however he phrases it. Actually, he just lets our particular program work, and we are proud of it. The deficit has been coming down each year.

Now under this amendment, you can bet your boots that you are spending Social Security to pay down the public debt. While saying you are trying to save it, you actually are going to increase the debt.

That is how the CBO figures show it. That is what has been done over the years. That is the current policy. And this particular amendment does not change it. It is just fancy language to come about and try to get credit for ''100 percent.'' The rhetoric is correct: ''100 percent, every penny, every nickel, lockbox, lockbox,'' everything else. But the actual instrument itself—''Watch what we do, not what we say,'' as the former Attorney General, Mr. Mitchell, said.

So what we do have is fiscal cancer. I say that advisedly, Mr. President, because everybody in America should understand that this year we are going to waste $356 billion in interest costs on the national debt. That is money spent for nothing productive. And when you do that, you really are taxing the people.

If you could start paying down that debt—not the public debt, because when you pay down the public debt it increases the Social Security debt. It is like two credit cards, of course, having a MasterCard and Visa card, and you want to pay down the MasterCard, the public debt, with your Visa card, the Social Security card. So as you pay down what they can see, and what the stock market loves—because they do not want the Government, with its sharp elbows, coming into the market running up interest rates, crowding out corporate capital, maybe causing inflation, and otherwise, slowing the economy, actually paying its bills.

There is no free lunch. What happens is, your interest costs go up, up and away, as this particular chart shows.

Back when we last balanced the budget, Mr. President, under President Lyndon Baines Johnson, the debt was less than $1 trillion. And the interest cost for 200 years of history and the cost of all the wars—the Revolution, the Civil War, World War I, II, Korea, Vietnam—the interest cost of 200 years of history and all the wars, the interest cost was only $16 billion. And since that time, without the cost of a war, it has gone up to $356 billion—think of that—$340 billion more that we have taxed the American people that we have to spend.

''Government's too big,'' is the charge about tax cuts. ''The Government is way too big.'' What is too big is the waste that has been caused by this political rhetoric and litany going on about ''the Government's too big; therefore, we need a tax cut.''

What we need is a tax increase. Can you imagine a Senator saying that on the floor? I am like the Senator from Michigan. I do not think too much spending cuts are going to occur to take care of this particular problem for the simple reason we had 8 years of President Reagan cutting spending, we had 4 years of President Bush cutting spending, we have had now another 6 years of President Clinton cutting spending—that 1993 Act cut spending $250 billion, and in fact it was way more than what we thought.

As we went into the different programs, we increased taxes $250 billion, which really amounts to about $310 billion. And we taxed the upper brackets, we taxed Social Security, as I have just described, but we got the economy going, and we started bringing the deficits down; but the debt kept going up because we kept spending Social Security on the public debt.

That is how the debt has continued to go up, up and away on the Social Security. And the national debt has gone up. And it is fiscal cancer. You cannot give a tax cut if you are not paying your bills. You do not want to cut your revenue. You do not want to increase spending. Everybody agrees with that.

But one way to make sure your debt continues to increase, which means the waste of interest costs continues, is a tax cut. But that is political jargon. We had that debate last year. And the distinguished colleague that I had opposing me, he wanted to have a tax cut. I said, let's pay down the debt. And we had put in a plan—I think the distinguished Presiding Officer should remember this because it was bipartisan.

We had a conscience back 10 years ago. In 1988, we met in the Budget Committee, and you could see this so-called supply side—I wish my friend, Jack Kemp, was here because we would have a good debate. I will not describe that bus wreck that Senator Dole would always talk about, the bus going over the side—a bunch of supply-siders. He said that was the good news. He said what was the bad news was one empty seat.

We were just causing the debt to go up, up. By the way, that is in the CONGRESSIONAL RECORD. That is not off-color by the Senator from South Carolina. I will get it out of the CONGRESSIONAL RECORD and show it to you. That is one reason I think Senator Dole lost. Because he and I worked on cutting down the debt, cutting down the spending, and then he went for a 15-percent across-the-board tax cut knowing that it was not any way to pay the bills and cut down the debt.

But in any event, we realized, Mr. President, that we had to do something. So in the Budget Committee, in 1988, I presented a value-added tax, a value-added tax of 5 percent, each percent raising about $35 billion, for about $185 billion.

The distinguished Senator on the floor just momentarily asked, What are you going to do with the money? I say, put it in trust to not be expended except on reducing the deficit and debt. ''Reducing the deficit and debt,'' that was the language.

I had Senator Armstrong from Colorado. I had Senator Boschwitz from Minnesota. I had six other Democratic Senators. We had eight Senators vote for that, and I appeared before the Finance Committee, and they quietly told me—they said, If we could have a secret ballot, we would pass it in a minute because we have to start doing it. I even wrote my friend, President Bush, and told him I would be glad to head up the Budget Committee effort and everything like that if he was really doing it. He said now is not the time. I will show you the letter.

But we have been trying our best. If we had a VAT here, a tax increase allocated to the deficit and the debt, it would not only start paying it down, it would immediately remove about a 15- to 17-percent disadvantage of producing in the United States of America.

Now we have all of these different commissions on competitiveness and productivity. Every industrialized country has a value-added tax. Canada has one. Japan has one. In Europe the average is about 17 percent. And what we did is we brought the expert, Van Canosom was his name, from Holland, who had worked on both the Canadian and the Japanese, as well as the United Kingdom VAT. And he helped in an appearance before the Finance Committee.

What we pointed out, in addition to paying down the debt, if everybody really wants to pay down the debt, we could also reconcile what you saw in the morning paper—$310 billion this year in deficit in the balance of trade. It went on to say that the economic experts were worried because we were consuming more than we are producing.

The policy is not to produce in the United States. We are not competing really with the Japanese, really with the Mexicans. We are competing with ourselves. If you have a manufacturing plant, and 30 percent of your volume is your labor cost, you can save as much as 20 percent of the volume by moving your manufacturing to a lower-wage, offshore country. So if you have $500 million in sales, you can move to that low-wage, offshore country your manufacturing—just keep your executive office and your sales force in the United States—and immediately, before taxes, you make $100 million; or you continue to work your own people and go broke, because your competition is moving like gangbusters just over and fast.

The only industries—as a former Governor I was in that game of industry attraction— we are getting in South Carolina and in the South are foreign manufacturers who are trying to get into the American market, the richest market in the world.

That is what is really happening. We are not getting any expansions. On the contrary, the already instituted manufacturer is moving, like textiles, with NAFTA. We have lost 30,000 jobs since NAFTA in the little State of South Carolina. We have Ambassador Barshefsky. She is worrying about bananas. And then I hear about the WTO with China, the People's Republic of China. I notice my friend, Tom Friedman, wrote an article that we had everything to win and nothing to lose.

He doesn't understand there is a nonmarket economy in the People's Republic of China. Whereas, yes, we can bring a steel dumping case in here and have legislation already passed overwhelmingly in the House of Representatives, now before the Senate. The bill is at the desk, and we are ready to pass it. We could do that on our own. Join the WTO and you are bogged down in bureaucracy. You won a little vote. Cuba will cancel you out in the WTO. But he doesn't see anything wrong.

We are trying to maintain our economic strength. The security of the United States of America is like a three-legged stool. The one leg is your values as a nation. We dedicate ourselves, again, in Kosovo and Bosnia, Somalia, feed the hungry and everything. America is the envy of the world for its values, individual rights, equal rights, freedom of all mankind. The second leg is the military, unquestioned, the superpower. The third leg economically has been fractured over the last 50 years intentionally. We did it with the Marshall Plan. We sent over the expertise. We sent over the best machinery, and we won. Capitalism has generally prevailed in Europe and in the Pacific rim over communism. So we are proud of that.

But now, as we try to build back our economic strength, we are spending like gangbusters. Our job policy program in this country is to get rid of all the jobs, send them all overseas. We are talking about the rich getting richer on the stock market, but we are actually eliminating the middle class in this country.

So, yes, if you want to pay down the debt, I will be glad to work with someone on the other side, because that is the only way to get any legislation passed. It has to be bipartisan. If I can find somebody on the other side who is willing to take the risk, we can debate it. It might not pass this year, but then we have next year and maybe we can pass it next year. But somehow, somewhere we have to start paying the bill and quit running up deficits, politically describing them as surpluses in order to reelect ourselves. That is the biggest phony activity that is going on, the worst political charade. And then we wonder why, for example, we don't have the public's confidence.

Mr. President, I got with Ken Apfel out at the Social Security Administration, because I was encouraged at the beginning of the year. I heard the President say he was going to save Social Security. And then, of course, he was only going to save 62 percent. He was going to spend 38 percent. And to be candid with you, the 38 percent was what he had been spending all along. The 38 percent now amounts to the $50 billion that he was spending when he first took office in 1993. So he was getting the same amount of money. The Social Security moneys went up, up and away, as you well know.

I heard my Republican friends say, in a 99–0 vote, that we were going to save Social Security, every nickel of it, the distinguished gentleman said.

So I introduced S. 605 after the advice of the counsel of the Social Security Administration itself. I can read paragraph 5 to you:

> Notwithstanding any other provision of law throughout each month that begins after October 1st, 1999, the Secretary of the Treasury shall maintain in a secure repository or repositories cash in a total amount equal to the total redemption value of all obligations issued to the Federal Old Age and Survivors Insurance trust funds—

The Senator asked me on the floor a little while ago what we are going to do with it. You are going to comply with the law—

> pursuant to section 201(d) of the Social Security Act that are outstanding on the first day of the month.

So, yes, complying with the act back in 1935 that we invest the moneys of Social Security in Treasury bills, Government securities and immediately at the first of each month put that money back in trust in Social Security thereby earning its interest, very easily done and absolutely required to the point that if it is not done, it constitutes a felony in corporate America.

I guess the McLain family is going to write me and say, please, don't quote my situation anymore. There was one gentleman up there in Detroit, where the distinguished Presiding Officer is familiar with, became the head of the corporation and paid down the company debt with a pension fund and was sentenced to jail. Now, you could find that gentleman, where he is serving, and say, next time run for the Senate; instead of a jail term, you get the ''good government award.''

We put in here, with all dignity, we are going to save Social Security. We are going to have every nickel, every penny spent on Social Security, not on anything else. Here it is. Here is the handout. Using Social Security to reduce the debt. And it is to reduce the debt for any and every other program that you can think of other than Social Security.

Social Security hasn't caused the debt. There is a debt; it doesn't pay the Social Security debt of $857 billion. It just allows that to continue to increase the next year to 900 some. If I could get that chart, I would like for them to see that.

It goes up, then, to 994, almost $1 trillion, and then at the end of the 5-year period you owe $1.6 trillion and at the end of the 10-year period, you owe some $2.400 trillion. That is paying down the public debt. That is what my colleagues do not want to vote for.

Let's keep the conversation and let's keep the debate going so that they all understand. I do not mind voting to kill it, but being in the minority—and I happen to be a minority of a minority, and I know how minorities feel and have to act; they do the best they can. Some would say I am taking an inordinate amount of time. Well, I have been trying to get time on the budget, but every time they get the budget, they control the time. I was going to have 20 minutes when we passed the budget resolution. They got me down to 15 minutes. They got me down to 10. Then when they said I could have 5 and got up to talk, they said, no, you only have 3. So how can you explain the facts of life?

We do have fiscal cancer, and this amendment continues to spread the cancer. You pay down the debt with Social Security moneys so that not every penny goes to Social Security, not every nickel goes to Social Security, but every penny and every nickel goes to any and other programs that have caused debt.

Now, that is running the debt up in Social Security, all trying to save Social Security, trying to pay a worthy cause, trying to pay down the debt, another particular worthy cause.

Let me make a proposition to the distinguished Presiding Officer. I know he is conscientious about this particular initiative, so if you really want to pay down the debt, we can go in with a VAT. I know he is for tax cuts. Maybe we can put in a 5-percent value-added tax and cut the payroll tax.

It is very, very interesting, because all of these tax cuts, we need. The Government is too big. The Government is too big, so let's cut our revenues, but do not cut the working man's payroll tax, the fellow who is keeping the country together by the sweat of his brow. No, take the super rich where they have $10,000 in the stock market and give them a capital gains tax cut. Take the other rich who have money so they can get a write-off to go to college. Take another group and say, what you need is not to inherit these millions so you can sail around and join all the country clubs and drink up all the liquor and just have a happy time; let's have a reduction in the estate tax, all of these things, never saying cut the payroll tax.

What is causing the surplus? What is causing the surplus they never get to. They do not have a conscience. I know that the distinguished Presiding Officer has a conscience, and maybe he will join me. If we can, you have to give a little in order to get a little, I understand, in this political game.

I am ready to put a value-added tax out right and allocate it in Treasury like we tried to do back in 1988, but I will try it again here in 1999. But in order to get some votes, since they are interested in giving tax relief, we can get an offset, a certain amount of the payroll tax, a 5-percent cut in the payroll tax, 5-percent value-added tax.

Once we put that in, then we will really do away with consuming America; we will really start paying down the bills and you will increase the strength of the economy and you will, in essence, be giving a double tax cut to that poor fellow in the middle on the payroll tax. Those are the men and women who really need consideration.

If we can do that and stop spreading this fiscal cancer, Mr. President, we can really get this country continuing to move into the next century. But what we are doing now, as we are looking at November 2000—the election—and we have to cut the revenues to increase the debt, all the time talking about we want to pay it down, we want to spend Social Security in order to save Social Security, increasing its debt going into the red, and its instability, and otherwise in trade continue not enforcing our dumping laws, but rather going along with bananas and citrus—they think they have something.

I don't know how many banana growers we have and how many citrus growers. I think the citrus comes in a big tanker down in Florida from Brazil. They send a big concentrate tanker in, and I would be willing to wager that the majority of citrus consumed in the United States is coming out of South America, or maybe Mexico. I remember Castro was sending his citrus to Mexico, and Mexico was sending its up here. So it was a foreign aid program for Castro and Cuba all the time with the so-called embargo.

What we need is to continue to have a dynamic manufacturing economic strength program where, like Henry Ford said, "I want to pay my workers enough money so they can buy what they produce." That produced and developed the strength of democracy in America, the middle class. What we are doing with this gamesmanship is saying we are going to pay down debt while we increase the debt, and saying we are going to save Social Security while we savage it, and saying we are looking out for the economy, and the Government is too big, while increasing its size and spending for nothing, and increasing the waste, as we give these so-called tax cuts.

Mr. President, we are on the wrong road. The state of the Union is not all that good. The country is in good shape, but the Government—if we had a board of directors or stockholders to vote on it, and they knew exactly what was going on with corporate USA, they would run us all off, because it is one grand fraud, a fraud that is intent to deceive.

I know the people backing this particular amendment know better. They understand that when they say they pay down the debt, it sounds pretty, but the truth of the matter is that they take Social Security, increasing its debt, taking its money to pay down the debt, but all the time increasing the national debt and increasing the interest costs and increasing the fiscal cancer.

I yield the floor.

Mr. LAUTENBERG. Mr. President, as we continue to debate the so-called Social Security lock box legislation, let me again emphasize that we Democrats strongly support the purported goal of protecting Social Security surpluses. But many of us also feel that this legislation would be a serious mistake, for three reasons.

First, it does nothing to protect Medicare. Instead, it allows Congress to squander funds needed for Medicare on tax breaks for the wealthy.

Second, it threatens Social Security. Under the amendment, an unexpected economic downturn could block the issuance of Social Security checks.

Also, the amendment contains a loophole that would allow Social Security contributions to be diverted for purposes other than Social Security benefits, such as risky new privatization schemes or tax breaks.

And, third, the amendment threatens a government default. This could undermine our nation's credit standing, increase interest costs, block benefit and other payments, and ultimately lead to a world-wide economic crisis.

For all these reasons, as I explained in more depth yesterday, I believe the pending amendment is seriously flawed.

Today I want to talk a little more about some of the practical problems involved with the amendment, and why the last minute changes proposed by its sponsors fail to adequately address these problems.

Mr. President, the amendment before us would establish limits on public debt that were constructed based on the Congressional Budget Office's projections for the next ten years. Under the proposal, those limits would be locked into law, and could be changed only for a few very narrow reasons, such as wars or emergencies.

But it's important for our colleagues to understand that CBO's projections are highly uncertain. And it doesn't make sense to create inflexible and legally-binding debt limits based on those projections.

Consider what happened to CBO's budget estimates last year. On March 6, CBO revised its earlier estimate and said that we would have a fiscal year 1998 surplus of $8 billion. That was March 6. Two months later, on May 6, that $8 billion estimate mushroomed to a new estimate of $43 to $63 billion.

So, in just two months, CBO's surplus projection changed by up to $55 billion. And, I would note, even the upper range of the May estimate turned out to be too low. The actual surplus was about $70 billion.

Keep in mind that these projections were for a figure five to seven months in the future. Now we're being asked to rely on projections of up to ten years. And if we're wrong, what's the result? A government default and a world wide economic crisis.

Mr. President, you don't have to be a critic of CBO to question the accuracy of their estimates. CBO itself devoted an entire chapter of its Economic and Budget Outlook to uncertainties in budget projections.

CBO compared the actual surpluses for 1988 through 1998 with the first projection of the surplus it produced five years before the start of the fiscal year. Excluding the effects of legislation, the remaining errors averaged about 13 percent of actual outlays.

According to CBO, a deviation of 13 percent of projected outlays in 2004 would produce an increase or decrease in the surplus of about $250 billion. In 2009, a 13 percent error would produce a swing of about $300 billion, In fact, since the errors made ten years in advance are probably larger than the errors in estimates made five years ahead—which, again, is where the 13 percent figure came from—the deviation in 2009 is likely to produce an even larger swing.

It is simply dangerous to establish a rigid 10-year plan based on such speculative projections. The whole approach is fundamentally flawed.

Our Republican colleagues have added two provisions to their legislation that they argue would provide a sufficient cushion to prevent an unintended default. But these provisions won't solve the problem.

The new proposal would delay the implementation of each year's new debt limit by seven months, to kick in on May 1 of each one- or two-year period rather than on October 1. The sponsors argue that this would make the new limit effective at a time when the Treasury tends to be flush with cash. This, they say, would ensure that the new, lower limit would not immediately trigger a default.

Unfortunately, this change is like plugging a small hole on the *Titanic*. And it won't prevent disaster.

First, it can only work if the CBO projections on which the debt limits are based prove accurate. And, as I've already discussed, we know they won't be.

But even if by some miracle the estimates are right, that still may not take care of the problem.

Let's take, for example, a year in which there is a recession. Now, my friends on the other side of the aisle will point out that they have provided an exception for recessions. But that exception won't work very well.

Mr. President, we're not very good at predicting recessions. And, typically, by the time we know we're in one, we've actually been in it for a while.

The recession exception in the amendment only kicks in after we have two quarters of low economic growth. But a slowdown could easily begin in one quarter, but late enough to keep growth for that quarter above the threshold for the exception. We then might have two quarters of low growth followed a few weeks later by the release of the official data triggering the exception.

By that time, we would be eight or nine months into a recession. We would have had months of lower tax revenues and higher outlays for unemployment compensation and other programs. And, together, those changes already could have pushed us over the new debt limit and into default.

Mr. President, a recession exception does no good if it is declared a few months after we've gone into default. We cannot take default back and say an exception should have been in place.

It already would have happened. And Americans would have to pay for it through higher interest rates on their mortgages, car loans, and credit cards. Businesses would have to pay for it through higher borrowing costs. And taxpayers would have to pay for it because investors will demand higher interest rates on Treasury bonds.

This would be an economic disaster for our country. And it would create an international economic crisis of unknown dimensions.

Mr. President, under the Republican lock box, I'm afraid the question is not ''will this happen?'' The question is ''when will it happen?''

That more than anything is why this proposal is so irresponsible. It's why Secretary Rubin is recommending a veto. And it's why it's so important that senators be allowed to offer amendments to improve it.

Mr. President, this proposal was finalized only yesterday afternoon. And when they presented it, the sponsors themselves expressed openness to further tinkering. Unfortunately, there will be no opportunity to make any improvements unless we reject cloture tomorrow.

So I would urge all my colleagues to oppose cloture. This proposal is seriously flawed. If we're serious about protecting Social Security, let's take the time to do it right.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, the debate today on the floor on S. 557 is not a fraud; it is a real shakeup with reality that a lot of our Senators and some Members of this Congress don't want to face, because for years we have had the tremendous flexibility in this country of borrowing money from the Social Security trust fund and spending, and spending, and spending.

I think the American public is suggesting to us that that time ought to come to an end. There is no question that, in 1994, it began to come to an end. Some Senators can't face the reality of the changes that occurred then. But the American economy did, and it responded robustly when Government curbed its appetite to progressively spend a greater amount of the gross domestic product of this country. And it is now with a balanced budget and a surplus, generated by Social Security payroll taxes, that we have an opportunity to turn to the American people and, for the first time in a long while, say to the American people that we can not only ensure your Social Security without a new tax increase, but we can modernize it for future generations so that it will be a reliable and an earning annuity of the kind that most people would like their retirement account to be.

At the end of this fiscal year, the Social Security trust fund will hold an estimated $853 billion. This year alone, it is projected to run a $127 billion surplus. The Social Security trust fund's $853 billion balance equals roughly half of the total Federal budget for this year. It equals America's total income tax payment for this year. Every cent of every dollar that every American pays in income tax will just equal the Social Security trust fund balance. Yet, how much actual money has been set aside for Social Security's $853 billion balance? Not one cent. Not one cent.

Why are we, then, arguing about the concept, if not the reality, of an idea that begins to set it aside? Now we are starting to split the hairs on how it is set aside. I don't think it is time for that anymore, because I believe the American people no longer trust us. You cannot argue Social Security from 1935 to today and say, ''Trust us,'' because the American people have said, ''You spent the money, you indebted the country.'' We are saying that time should stop.

Of course, the White House is playing one of the most phenomenal double standards that I have ever seen a White House play, because, as we know, President Clinton proposes quite the opposite today from what he proposed a year ago. I have not seen the Senator from South Carolina, in any way, try to defend what his President is talking about—and I am glad he isn't—because what the President talked about is raiding Social Security this year, when last year he said that every penny of it ought not to be spent, except for Social Security.

What we are suggesting to the President is that he honor his first commitment instead of his latter commitment. What was it called? Save Social Security first. This year, he wants to spend $158 billion of the surplus, and he just sent up a bill for $6 billion more. Perhaps the time has come when defending the definition of ''is'' really isn't worth defending because what was last year isn't this year.

The American people are very wise to the man in the White House who says one thing one day and contradicts himself the next day with a straight face. President Clinton's proposal reminds me of St. Augustine's confession on having prayed for chastity— ''but not just yet.''

Over the last holiday, I traveled home to my State of Idaho. I spoke to hundreds of people across my State about Social Security. I called it ''seniors to seniors'' town meetings. I asked the high school teachers to send their seniors from high school, and I asked the AARP and the senior centers to ask if their seniors would attend. We had the charts and we had the graphs of Social Security, and where it is, and where it is from the 1983 act, and how it will be solvent to 2014 or 2015, and then by 2034 it is in trouble. Everybody sat and listened and anticipated.

Then we talked about the surplus and the opportunity to modernize, as a result of that, to transition ourselves generationally into the 21st century with the true annuity program that not in any way blights the American economy but probably creates the kind of energy and driving force it deserves. It was not where we just played the old pyramid, Bismarckian game of Social Security where you had 1 retiree versus 8 or 10 at the base paying.

The Senator from South Carolina is right when he talks about the working person today and that response, because in 2034—I think I might be around then—I am going to be a Social Security recipient. I am going to be getting more than $1,000 a month in Social Security. There are going to be two people out there working, each one of them paying $500 out of their hard-earned money so I can live well. That is a travesty.

I have a feeling that my grandkids are going to turn and say, ''Grandpa, we can't afford you anymore. You are a liability to us because we can't afford to put our kids in college because your Social Security is costing us too much.''

So what does that have to do with the debate this evening? It has a great deal to do with this debate, because what we are talking about is a generational opportunity. I am not going to debate Reagan economics. That would be like debating FDR and blaming him for the big Government we have today, and forgetting Congresses from FDR to today that could have made those changes.

We have changed a lot since Ronald Reagan and George Bush. My guess is, decades from now we will change a lot more from what the Senator from

South Carolina or the Senator from Idaho will do or would be about to do. That is the way our Government should work. It is not stagnant. It is not static. It is dynamic, sometimes for positive and sometimes for negative.

But today and tomorrow, a balanced budget and a true surplus on the operating accounts means we have a generational opportunity to make a change like none I have seen in the years I have had a chance to serve Idaho in the Congress.

Idahoans find it hard to believe that the President and future Congresses can resist the temptation to raid future surpluses and spend them. Why should they trust us? That is what we have done in the past. Sure enough, we have a balanced budget, and now we are at war in Kosovo, and here comes a new bill for $6 billion. What are we going to do? My guess is we could tighten our belt just a little bit, guarantee the stability of Social Security and the integrity of the trust fund, and recognize the priority of war, as past Americans did, over certain kinds of domestic spending, and spend accordingly.

That is going to be the test of this Congress in the coming days, and it is a legitimate test, it is a responsible test.

So I thank Senator ABRAHAM, Senator DOMENICI, Senator ASHCROFT, and others who, like many Americans, said, you know, we have an opportunity, and let's build a lockbox safeguard to assure that we can make this generational shift to modernize Social Security for the 21st century, to guarantee it to those who are receiving today and those who will receive from this system in the near future, but possibly—just possibly—create an environment where we can make some changes for the future.

I say it is nothing short of historical. I believe it to be true. For the first time since Social Security began over 60 years ago, we would set aside all its moneys for all its intended purposes. This would amount to about $1.8 trillion over the next 10 years.

The Abraham-Domenici-Ashcroft proposal would require 60 votes for the Senate to dip into the Social Security surplus. And it would require the money be set aside by instituting and then lowering a limit on the public debt. It is a legislative money belt for Social Security. It is not a straitjacket for government. We recognize there are true emergencies. While as much as 29 days ago we would not have recognized ourselves in war, we now must recognize that we are at war. So we have shown the flexibility for that concern.

It would allow an exemption for real Social Security reform. It would save not only Social Security money but Federal money too.

Setting aside Social Security surpluses also means retiring Federal debt. I don't care how the debt was generated. The public holds the debt in a general sense. It may have been generated by defense spending or social spending. Government borrowed the money and spent it. The debt is not categorical to each area of government. We all know that.

So I think it reasonably unfair to debate it in that manner. That is why we focus on the debt as debt held by the public.

According to the Congressional Budget Office, compared to spending that $1.8 trillion, as has been done until now, setting it aside would reduce Federal interest payments $468 billion over the next 10 years.

Some Senators want to talk about a tax increase to fund the largess of Government. How about running the system right so we save that kind of obligation and outlay? $468 billion worth of savings in 10 years is pretty darned good. It can be done, and we should do it now with a balanced budget and a surplus.

We save Social Security's $1.8 trillion surplus for its modernization of the system, and we save $468 billion in interest payments as a result.

Guaranteeing Social Security and guaranteeing savings—who wants to be against that?

Now there are going to be some who will find rather unique arguments to say we have to vote ''no'' against this. It is a political trap for the year 2000. How about a political reality for the 21st century? That is what this legislation is all about—guaranteeing Social Security and guaranteeing savings.

Who wants to be against that? The same people who wanted to raid it for $158 billion this year. I would expect the American people do not find that too surprising.

John Dillinger hated bank vaults. It made his job harder.

Big spenders in Washington will hate this lockbox because it leaves their appetite for spending without food.

In last year's State of the Union Address on the other side of this very Capitol, President Clinton said:

> I propose that we reserve 100 percent of the surplus—that's every penny of any surplus—until we have taken all the necessary measures to strengthen the Social Security system for the 21st century.

What a difference a year makes, or a word, or the opportunity to focus the American public in a different direction. Now he proposes not to keep his promise. But, rather than admitting he opposes it because of his desire to keep his hand in the Social Security cookie jar, he uses the same old scare tactics to which he has always resorted when cornered.

The administration has sent us a veto threat on the Social Security lockbox. That has been about the 40th or 50th veto threat we have had from this administration in a reasonably short period of time.

It is also out of date—remarking on a proposal that is far different from what we debate here today, because that veto threat had the question of money management in it. And that was taken care of by the authors of this bill.

Why did President Clinton claim to oppose the security lockbox?

First, he claimed that it would hurt in times of recession.

If we are in a recession, we can declare that to be an emergency and we all know that. However, the proposal before the Senate would not even apply in a time of recession. We have taken that safeguard.

Second, President Clinton claims it would limit the Treasury's ability to manage the Government's normal cash flow. This, however, has been addressed in the legislation now before the Senate. In addition, limits already exist on Treasury's ability to borrow and have since 1917. Listen to your Secretary of the Treasury, Mr. President. Does President Clinton want us to abandon the statutory debt limit that now exists? I presume, under his Treasury's twisted logic, that he would oppose the existing legal limits if it were now being offered for the first time.

It is ironic that he uses his Treasury Secretary to make his opposition for him. This is the same Treasury Secretary that just 3 years ago circumvented the existing statutory debt limit by raiding Social Security trust funds for billions of dollars. Let me repeat that: The President who appoints a Secretary of the Treasury and says leave every dime in the trust funds is the same President whose Secretary of the Treasury just 3 years ago moved the law around existing statutory debt limits by raiding Social Security trust funds for billions of dollars.

They called that disinvestment. ''Scheme'' is a better word. I call their opposition now disingenuous, because if that was disinvestment, what they say today is truly disingenuous to what this Congress wants to do and what the American people have demanded and are now asking for.

Other than these, President Clinton offers no reason with any justification to argue opposing the lockbox. He claims it will not help the Social Security trust fund, and others are now claiming that, too. Yet saving the surplus is what he proposed just a year ago. I guess now that we are proposing it, it is not a good idea; when he proposes it, it is a good idea.

Does he claim that his spending of $158 billion of the Social Security trust fund over the next 5 years will help Social Security? President Clinton also claims, again, that his phony transfer scheme would help Social Security. I could go on in those details, but other Senators are waiting to speak on this issue.

There ought to be no schemes or gimmicks this time. This is a very straightforward proposal. I guess it is honesty that frustrates the other side. It is clarity, it is easy to understand by the American people. The idea that you just cannot spend at will anymore, you have to balance your budget and you have to face the hard truth of spending, and maybe the honest truth that if you are going to spend more, you have to tax more. Then you give the Congress a choice: Should we cut spending to balance the budget, or should we shift our priorities in a time of war, while assuring to the American people that their pensions, their retirement, their security will remain stable and that the Congress will not raid it. That is what the issue is here.

It is not a matter of quoting history anymore. It is a matter of looking into the future. It is a matter of taking the unique opportunities today that we have to move forward.

In those town meetings that I held across Idaho less than 3 weeks ago, I think senior citizens left feeling that Social Security for themselves was intact; they also left recognizing that probably their grandchildren did not expect it to be there for them, that they would pay three or four times more money into it and get three or four times less out of it. I think it is time that we think about all generations of Americans, young and old alike.

I voted for the 1983 Social Security Reform Act. I am proud that we built that strength and that stability into the system, but I am not at all proud of the way this Congress spent the reserves in those trust accounts and built the debt that it built. While there is a lot of fingerpointing as to how that debt got there, there is one easy way to solve it; that is, to vote no.

Finally, we have a Congress that is willing to face up to it. Out of that Congress comes a balanced budget. Out of that balanced budget comes a surplus. Out of that surplus comes the unique opportunity to strengthen and modernize Social Security. We do that by assuring to the American people that we will no longer borrow it off into all branches of government, but that we will lock it up, we will pay down debt, we will increase the strength and the financial stability of our government and we will honor the trust funds' commitments to recipients of Social Security. That is what the debate is about today. That is what we have created with S. 557. No more, no less.

We don't need to quote a lot of history. The American people know what we have done. Most importantly, they are extremely excited about what we are proposing to do. For the first time, there is a strength of honesty and stability to their government with balanced budgets and surpluses that they have not seen for a long while. They are not fearful of debt anymore because debt begins to decline. More importantly, we begin to pay it down so that we have the strength to honor our commitments in the future.

That is what S. 557 is all about. I am amazed it finds opposition. I think it ought to be bipartisan. It is, without question, the way to save Social Security: Honor its commitments and project its strength and its modernization into the 21st century.

I yield the floor.

Mr. VOINOVICH addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Mr. President, I am proud to be a cosponsor of the Lott-Domenici Social Security lockbox amendment. This is the first real step in the effort to save Social Security. I thank the Senator from New Mexico, Senator DOMENICI, and Senator ABRAHAM for their hard work in drafting this legislation and ensuring it comes to this Senate floor.

During my campaign last year for the Senate, I visited almost every region of the State of Ohio. During those visits, I asked the question of those in attendance, How many in this room pay a payroll tax? Every hand went up. Then I asked, How many of you expect to receive Social Security? Only those close to retirement raised their hands.

It was perplexing to me because it verified something my son George said to me—George, the summa cum laude graduate, undergraduate law school, CFE of a corporation—''Dad, I'm not going to see a dime of Social Security.''

What a terrible thing, in a country like ours, where about two-thirds of the people who pay more into the Social Security funds than they do in taxes don't believe when the time comes for them to retire there is going to be anything there for them. I said during those visits that I was going to do everything I could to put a firewall between the Social Security trust fund and the general fund of the United States of America.

I think we all recognize that part of the problem that we have had in this country since the Vietnam war is that after that war we didn't have the money to pay for it, nor did we have the money to pay for the great society. So we took the trust funds and placed them into the general fund, using them to mask a deficit. In other words, we weren't willing to pay for those things that we were spending our money on.

Today, we have a chance to pass some legislation which gives honor to the sacred trust between the Federal Government and every American. I believe we need to get away from treating the Social Security trust fund as a part of the budget and wall it off from any temptation to use it for tax cuts or for new spending. We have been playing games with Social Security for too long. It is time to stop.

The Senator from Idaho in his remarks today mentioned the fact that the President will be sending up a request for some $6 billion to pay for the war in Kosovo. The American people should know that that money is going to come from Social Security.

Because the Social Security surplus is all there is. That is the surplus that we have today. There is not any onbudget surplus. There will not be any onbudget surplus until the year 2001, if we are lucky.

So it seems to me that one way we can guarantee to my son and to all those other people I visited during that campaign, and to the American people, that one way we can at least begin to guarantee there will be something there when they retire is to put that money away so it cannot be touched.

I wish there was a way you could put it into Fort Knox, so it could not be touched. But the fact of the matter is, the way this Government works today is that money in the Social Security trust fund is used to buy Treasury bills that are then used to pay for a lot of things that we do not have money to pay for. The thing about this lockbox proposal is that it takes all the Social Security trust fund and uses it to pay down the public debt, which means instead of it being used for spending programs, at least we are going to get the benefit for a period of time of paying down that public debt.

I think it is real important that we are candid with the American people and tell them this is not the end of the solution, we have to tackle reform of Social Security. But one step, one gigantic step is for the first time saying we are no longer going to use it to pay for spending programs.

In all due respect to the President of the United States, when this debate started several months ago, he said: I want to protect Social Security and I am going to use 62 percent of the unified budget, as Senator HOLLINGS just said here this afternoon, to protect Social Security. The fact of the matter is the only surplus we have is Social Security, so he is going to take 62 percent of the Social Security surplus to protect it and use the other 38 percent of it for spending programs or whatever. On my side of the aisle, they talked about using the 38 percent to reduce taxes. On the other side of the aisle, we are going to use it for a little tax reduction, we are going to use it for spending programs, protect this and protect that. But it was a fraud. The only surplus we have is Social Security.

So I am really quite concerned that today we hear the President saying: I am going to veto this legislation. Either you are for taking the first step to protect Social Security or you are not. You also ought to be in favor of putting all of this in the lockbox because you know what it is going to do? It is going to force us, if we want to keep the budget agreement, or if we want to maintain the budget caps, to find some other money; either reprioritize the dollars that are being spent on other programs or perhaps raise the dollars, raise more money to pay for these programs on which people want to spend money.

I repeat, all of this started back after the Vietnam war. We will have a big decision here one of these days to decide whether or not we are going to get involved in an all-out war with Serbia. That is going to cost a whole lot of money and the American people ought to know that one of the considerations is how are we going to pay for it? Are we going to pay for it with the Social Security surplus? Are we going to borrow the money? Think about it.

I have a great deal of respect for Senator HOLLINGS. I think he and I are the only ones who had amendments to use the onbudget surplus to reduce the debt. I concur in that. I think that is what we ought to do.

I just had my second grandchild and my grandchildren's gift from the Federal Government was a bill for $187,000 to pay interest on a debt they had nothing to do with. I think it is horrible that this debt keeps going up. Senator HOLLINGS is right; the debt is going to continue to go up.

Mr. HOLLINGS. Will the distinguished Senator yield?

Mr. VOINOVICH. Certainly.

Mr. HOLLINGS. Mr. President, I congratulate the distinguished Senator from Ohio. He got a lot of heat. But what he was trying to do, like we both did as Governors, is just hold the line and make certain that we can save something. On the figures of the Congressional Budget Office, he said 2001, they said 2006, that there would be an actual surplus and we could then pay down the debt. So I voted for the VOINOVICH amendment, and the distinguished Senator helped me on our amendment. We got 24 and he got even more votes, if I remember.

So I congratulate the Senator's sincerity in his endeavor. Let me ask the distinguished Senator the question, when he says the only surplus we have is that of Social Security, that is true, although we have some other surpluses in the military retirement, civil service retirement, and other matters here. But isn't it the fact that the only debt we have is other than Social Security? In other words, Social Security has not caused the Government debt, be it public debt, private debt, or any other kind of debt, because we have been paying off Social Security and enjoying the surplus each year since 1983. Is that not the case? I mean, when you say pay off the debt——

Mr. VOINOVICH. If the Senator will yield?

Mr. HOLLINGS. Yes.

Mr. VOINOVICH. It is my understanding what we would do with this lockbox money is to use it to pay down the public debt, which would lower the interest costs to our Federal budget every year. But at the same time it would mean that money ultimately would have to be paid back to the Social Security trust fund.

Mr. HOLLINGS. Right. But when you say ''pay it back,'' you will use Social Security moneys to pay down debt that is caused by any and every other Government program, be it entitlements or defense or foreign aid or Kosovo or military pay that we voted for—whatever it is—but it is not a debt that was caused by Social Security. Is that correct?

Mr. VOINOVICH. If the Senator will yield, that is correct. But the alternative to that, from my perspective, is that the money, the Social Security money, would then be used for spending programs that could be used to pay for the war or to pay for education or pay for a lot of other things.

Mr. HOLLINGS. And that is how you pay for it, by paying down their debt. You pay down the debt of the war, the debt of the spending program and everything else. That is what we have been doing. That is why on this chart, I showed it, under CBO we owe Social Security $857 billion. The particular amendment that has been introduced and is now subject to a vote tomorrow does not pay down Social Security's debt. It pays down the public debt, which is any and every other debt than Social Security.

Mr. VOINOVICH. I say to the Senator, in all due respect, that is a whole lot better than doing nothing at this time, when he knows and I know if it is there to be taken—let's just take what the President did. The President said, ''I want to protect Social Security,'' and said, ''but I want to use 38 percent of it for other spending programs.'' This would eliminate this money being used for those other spending programs. This would allow the money to be used to pay down the debt and give us a little time in the meantime to come up with a real reform of that Social Security program. We know that is something this Congress is going to have to do if we really want to guarantee to the next generation that there will be something there for them.

Mr. HOLLINGS. I know the Senator was not here with Senator John Heinz, a Republican Senator from Philadelphia. He and I worked together back in 1990 and we held the floor for quite some time. We thought at that time—that is why I am questioning and speaking advisedly—we thought at that time we had a lockbox. We put in section 13301.

Mr. President, I ask unanimous consent to have section 13301 printed in the RECORD.

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

SEC. 13301. OFF-BUDGET STATUS OF OASDI TRUST FUNDS.

(a) EXCLUSION OF SOCIAL SECURITY FROM ALL BUDGETS.—Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget, or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) EXCLUSION OF SOCIAL SECURITY FROM CONGRESSIONAL BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: ''The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.''.

Mr. HOLLINGS. That said, you could not use Social Security in a unified budget; namely, you could not use it for any spending programs, tax cuts, and everything else. But they ignored it, since it was only a budget law and we did not make it a criminal statute to lock up the Congress or lock up the President of the United States for doing it.

It has been totally honored in the disobedience thereof. We have not done it. Now I work with the administrator of Social Security. I want to show this to the distinguished Senator. It is S. 605, and it puts the money over in Treasury. You said you wish we could put it in Fort Knox. I can change that if the distinguished Senator would cosponsor it. We will say put it in Fort Knox, not to be spent for any purpose other than Social Security. It can be done.

The dilemma we are in is, section 201 of the original Social Security Act says to use those moneys to buy Treasury bills or Government securities. Don't leave the money, then, with the Government when you buy that security. Count that same amount of money to be transferred back into the Social Security trust fund. Thereby, you have the money and you have also earned the interest each month.

That is the way to do it, under the counsel of the Social Security Administration. I have checked it with other lawyers because I had been frustrated. I thought we had a lockbox. Oh, boy, Senator Heinz and I talked about the lockbox back in 1990, and President George Bush, on November 5, signed it into law. That is the law today. That is reiterated in this amendment to S. 557, on page 3:

Congress reaffirms its support of the provisions of section 13301.

But then on page 10, they spend it. What do they spend it for? For debt. Who caused that debt? All other programs, all programs other than Social Security. Social Security does not cause public debt, it is caused by other programs. That is how they get around the nuance of spending it.

What we have, I say to the Senator, is a lockbox that everybody has the key to except one group—the Social Security folks. When you pay down the public debt, you can spend it for everything because that is what causes the public debt. That is why I was a little taken aback—you try to talk politely on the floor, and my distinguished friend from Idaho said he was really worried about the honesty of this thing. You don't want me to get up and holler about the dishonesty, because I know the intent of the distinguished Senator from Michigan who offered it is good. I would not accuse him of being dishonest. But it is inaccurate, I can tell you that. It is totally, totally inaccurate to say that you have a lockbox. It is misleading when you use the expression ''pay down the public debt.''

Mr. VOINOVICH. If the Senator will yield, one of the things I have learned, and this is my 33rd year in the business, is that you crawl and you walk and you run. You tried with Senator Heinz to come up with something you thought was going to lock it up.

Mr. HOLLINGS. Right.

Mr. VOINOVICH. I have been working with Senator DOMENICI since the day I came here to figure out something, and it is not easy to put that lockbox in place. Based on all of the information that I have, the best thing that we could do at this stage of the game, if we really want to block it off, is this legislation. It may not be perfect, but the fact of the matter is that it is much better than the current situation which allows the Social Security surplus to be used for spending programs.

Mr. HOLLINGS. In violation of section 13301.

Mr. VOINOVICH. If the Senator will yield, you know and I know, we have had all that language in there, and they keep doing it. They have used that money to pay for new programs.

Mr. HOLLINGS. You are right.

Mr. VOINOVICH. They have used that money to provide for tax reductions. Can you imagine that, tax reductions?

Mr. HOLLINGS. Exactly. I agree. You are exactly right on that score, and you and I have the same intent. But I am trying to explain the best I can. All you have to do is read the language.

I ask unanimous consent, Mr. President, that a document titled ''The Social Security Surplus Preservation and Debt Reduction Act, Summary of Amendment,'' dated April 20, 1999, by the majority staff be printed in the RECORD.

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

THE SOCIAL SECURITY SURPLUS PRESERVATION AND DEBT REDUCTION ACT

SUMMARY OF AMENDMENT, APRIL 20, 1999

The Act is effective for ten years and then sunsets. This is the same time period covered by the recently adopted Concurrent Resolution on the Budget for Fiscal Year 2000—H. Con. Res. 68. It is a period of time in which the Social Security Trust Fund balances are expected to grow by nearly $1.8 trillion. These balances would retire debt held by the public which would help prepare the country for the retirement of the baby boom generation early in the next century.

1. Reaffirms Off-Budget Treatment of Social Security Program.—The Act reaffirms current law that the receipts and disbursements of the Social Security trust funds shall not be counted for the purposes of the federal budget submitted to Congress by the President or any Congressional budget.

The Act creates a new budget act point of order against Congress adopting a budget that uses social security surpluses to achieve balance, and requires the President to submit a budget that does the same.

2. Uses the Social Security Surplus to Reduce the Debt Held by the Public.—The Act establishes a new enforceable limit on the amount of debt held by the public over the period from 2000 to 2010. These debt limits specified in the Act are current estimates of the level of borrowing from the public over this period that result from the social security surplus only being used to retire public debt. The surplus could not be used for non-social security spending or tax cuts. Legislation increasing these limits would require a super-majority vote in the Senate.

The Act establishes the first limit to become effective as of May 1, 2000, and effectively ratchets down this limit May 1 and periodically thereafter. The effective date accommodates Treasury Department's federal cash management responsibilities. The newly established debt held by the public limits would not disrupt the cash management operations of the Bureau of the Public Debt nor would it jeopardize Social Security benefit payments.

The limits follow:

May 1, 2000 through April 30, 2001—$3.628 trillion

May 1, 2001 through April 30, 2002—$3.512 trillion

May 1, 2002 through April 30, 2004—$3.383 trillion

May 1, 2004 through April 30, 2006—$3.100 trillion

May 1, 2006 through April 30, 2008—$2.775 trillion

May 1, 2008 through April 30, 2010—$2.404 trillion

3. Adjustments to Limits for: Social Security Reform, Recessions, Emergencies and War.—1. Social Security Reform. The Act authorizes adjustments to the limits established for legislation enacted that reforms social security during this time period. If Social Security reform legislation is enacted, and if that legislation has the effect of changing the debt held by the public specified in this Act, then the Secretary of the Treasury shall adjust the limits in this Act to reflect those changes.

2. Recessions. The provisions of this Act are suspended during a period of low economic growth. Two consecutive quarters of less than 1 percent real economic growth would automatically make the debt limits in this Act inoperative. After the recession has ended, the Act would reinstate new debt limit levels adjusted for the impact of the recession.

3. Emergencies. The Act also provides for an automatic adjustment to the debt limit levels specified if, after the adoption of this Act, the Congress enacts into law ''emergency'' spending defined under the Balanced Budget Act. If emergency spending uses a non-social security surplus, then no adjustment to the limits would be necessary. If, however, emergency spending requires the usage of social security surpluses, then the limits specified in the Act would be adjusted for that amount.

4. Declaration of War. The Act would be suspended upon Congress enacting a declaration of war.

PROJECTIONS OF FEDERAL DEBT ASSUMING THAT ON-BUDGET SURPLUSES ARE REDUCED TO ZERO AFTER 2000 USING CBO'S MARCH 1999 BASELINE

[By fiscal years, in billions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Held by the Public at the Beginning of the Year	3,771	3,720	3,628	3,512	3,383	3,245	3,100	2,945	2,775	2,595	2,404	2,203
Changes:												
Surplus [1]	−69	−111	−133	−145	−153	−162	−171	−184	−193	−204	−212	−218
Other	18	19	16	16	16	16	15	14	13	12	11	11
Total	−51	−92	−117	−129	−137	−145	−156	−169	−180	−191	−201	−206
Debt Held by the Public at the End of the Year	3,720	3,628	3,512	3,383	3,245	3,100	2,945	2,775	2,595	2,404	2,203	1,997
Debt Held by Govt Accounts	1,769	1,956	2,164	2,376	2,601	2,833	3,072	3,321	3,577	3,842	4,107	4,373
Gross Federal Debt	5,479	5,584	5,676	5,758	5,846	5,933	6,016	6,096	6,172	6,246	6,311	6,370
Debt Subject to Limit	5,439	5,545	5,838	5,721	5,809	5,897	5,981	6,062	6,139	6,214	6,279	6,339
AS A PERCENTAGE OF GDP												
Debt Held by the Public at the End of the Year	44.3%	41.4%	38.6%	35.7%	32.8%	29.9%	27.2%	24.5%	21.9%	19.4%	17.0%	14.8%
MEMORANDUM												
Baseline Total Surplus	69	111	133	156	212	213	239	263	309	338	358	383
On-Budget Deficit (−) or Surplus	−30	−16	−5	11	59	61	68	79	116	134	146	165

[1] Surpluses are shown here as negative because they decrease the debt.

NOTES.—Projections of debt assume that discretionary spending will equal the statutory caps on such spending through 2002 and will grow at the rate of inflation thereafter. Reduction of the on-budget surpluses is assumed to have no effect on trust fund holdings.

Source: Congressional Budget Office.

Mr. HOLLINGS. The Senator has the floor. I apologize for interrupting. It says: ''Uses the Social Security Surplus to Reduce the Debt. . . .'' Then it goes on to say:

The surplus could not be used for non-social Security spending or tax cuts.

But when you say pay down the debt, that is actually what you are doing, is using the money for non-Social Security spending or maybe a tax cut, but it is not Social Security spending.

Mr. VOINOVICH. If the Senator will yield, the problem that we have is that currently under the law, my understanding is that you need to buy the special Social Security Treasury bills with this money, and when you do that, the Federal Government has those dollars. What they have been doing with those dollars is paying for programs that they would not be able to pay for if they had not been using those special bills.

This legislation at least stops that from occurring.

Mr. HOLLINGS. How?

Mr. VOINOVICH. It is going to take the money, and instead of spending it, at least we are going to get the benefit of reducing the debt which brings down the interest rate. It is a worthy alternative to the current situation.

Mr. HOLLINGS. We have about $3.6 billion in public debt and about $1.8 billion or $1.9 billion in Government debt. Yes, you reduce the public debt, but you increase the Social Security or Government debt. What happens is the overall debt continues to go up.

It is like I explained a little bit earlier about having two credit cards. I have a Visa card and a MasterCard. I want to pay down the public debt with the MasterCard. I said what I will do is use my Visa. So I pay down the MasterCard with the Visa card, but my name is on the Visa card, and I owe just that same amount of money.

You can see by paying down the public debt, that is the unified deficit using the trust funds. It has been going down, and even the regular debt has been going down until now. It is going to start back up. The overall debt has been increasing up, up and away. It was less than $1 trillion.

This is the cancer you and I worry about, not just the Social Security recipient getting their money, but it was less than $1 trillion when President JOHNSON balanced the budget, and the interest cost was only 16. Now it is $5.7 trillion and interest costs of almost $1 billion a day. That is all for nothing. That is almost $340 billion in increased spending each and every year for absolutely nothing. That is the biggest waste. When you say Government is big, that is the big part.

Mr. VOINOVICH. We are spending $600 million a day on interest costs.

Mr. HOLLINGS. Actually almost a billion a day. Interest costs are over $363.8 billion a year. So the debt is going up.

That is a beautiful little description that Alan Greenspan and the rest give that when you pay down the public debt, the interest costs go down. That is not the fact at all. Interest costs continue to increase.

The Senator from Ohio has been very indulgent. He has the floor, and I apologize. I think he and I have the same frustration and the same intent. I advisedly and very seriously and very sincerely say look at this particular entry on page 3. That is exactly what they do, they reaffirm the lockbox, but on page 10 they transfer the money back to the debt, and it is every and any debt but Social Security. It can be spent for any and every amount, and it runs up Social Security and that goes into the national debt and that goes into the interest costs and that continues to increase. That is what has happened.

When I was Governor, we had an insurance scandal, and we began to clean up the industry. One of the companies reorganized and said, ''Now we need a new slogan.'' I said, ''Capital Life will surely pay if the small print on the back don't take it away.'' That is exactly what we have here in this amendment. You have it on page 3, the lockbox, and now on page 10, you take it away.

Mr. VOINOVICH. The Senator yields back his time. Thank you.

I have enjoyed the discussion we have had. Obviously, there is a difference of opinion between the Senator from South Carolina and the Senator from Ohio.

Based on all of the research work that I have done, and the options that are available to us, to me this is the most practical way, Mr. President, to deal with the problem that we have had for too long in this country. I believe that with the passage of this lockbox legislation, we are going to go a long way in making sure that this money is not being used for spending programs that we are unwilling to pay for and have not been willing to pay for in the past. The real beginning of the deficits that we have had began when we merged the Social Security surplus in with the unified budget and started to spend it.

In fact, in 1979 the national debt was something like $860 billion. Today it is $5.7 trillion. I believe that this is the first step that we need to take to restore trust in those people in this country who are worried about Social Security, understanding that it is not perfect—understanding that it is not perfect—and understanding that this Congress needs to come together, on a bipartisan basis, hopefully with the leadership of the President, and tackle the problems that we have with the Social Security system in terms of guaranteeing its viability for the future. And that is something that hopefully we will get to this year; and if not then, hopefully next year; and if we do not then, when we elect a new President.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, I will yield the floor in just a few seconds here. The statement was made that it would not put Social Security in a straitjacket. But the amendment does.

I have the letter here from the distinguished Secretary of the Treasury. In yesterday's debate, we introduced the letter, substantially the same, dated March 17.

This is dated April 21. It explains the serious objections that the distinguished Secretary of the Treasury has to the particular amendment. I ask unanimous consent that the letter be printed in the RECORD.

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

DEPARTMENT OF THE TREASURY,
Washington, DC, April 21, 1999.

Hon. THOMAS DASCHLE,
Minority Leader, U.S. Senate,
Washington, DC.

DEAR TOM: This letter transmit an analysis of the Social Security Surplus Preservation and Debt Reduction Act, the amendment offered by Chairman Domenici and Senators Abraham and Ashcroft to S. 557, which is currently being debated on the Senate floor. This Act would create new statutory limits on debt held by the public in addition to the existing ceiling on the total debt held by the public and the Federal trust funds. Our analysis indicates that this provision could preclude the United States from meeting its financial obligations to repay maturing debt and to make benefit payments—including Social Security checks—and could also worsen a future economic downturn. Let me refer you to my earlier letter as I will not repeat here all of the concerns I have with this proposal. For all of the reasons I mention there, I would recommend to the President that he veto this Act if it were presented to him for his signature.

It is still my view and the view of the Administration that fiscal restraint is best exercised through the tools of the budget process. Debt limits should not be used as an additional means of imposing restraint. By the time a debt limit is reached the Government is already obligated to make payments and must have enough money to meet its obligations. These proposed new debt limits, despite the changes made, could run the risk of precipitating a debt crisis in the future.

The proposal makes only limited exceptions for unanticipated developments on the non-Social Security side of the budget. However, the potential for forecast error is great even for estimates made for one year in the future, let alone for ten years. Projections of future budget surpluses are made using hundreds of assumptions, any of which is subject to error. Indeed, the Congressional Budget Office (CBO) studied the errors in its own five-year estimates and concluded that, based on their average deviation, the annual surplus estimate for 2004 could vary by $250 billion. Much smaller forecast errors could cause these new debt limits to be reached.

The amendment's shift of the effective date from October 1 to May 1 may provide some degree of cushion but it does not eliminate the risk that the debt limit could be reached in the normal course of business. It reduces the debt limit just after the large revenue bulge in April. However, the size of the cushion and the impact of the timing shift can be far smaller than the deviations from surplus projections described above.

The amendment could run the risk of worsening an economic downturn. The debt limit would be suspended following two consecutive quarters of real GDP growth below one percent. However, an economic slowdown of any duration that did not result in real growth of less than one percent for two consecutive quarters could increase spending and reduce recipts—and both CBO and OMB estimates indicate that such a moderate slowdown could require the borrowing of hundreds of billions of dollars over a period of just a few years. Absent a super-majority vote to raise the debt limit, Congress would need to reduce other spending or raise taxes. Either cutting spending or raising taxes in a slowing economy could aggravate the economic slowdown and substantially raise the risk of a significant recession. In addition, there would be a lag of at least seven months from the onset of a recession to the time that the statistics were available to demonstrate two consecutive quarters of real growth of less than one percent. During these seven or more months, as in the first case, revenues would likely decline and outlays increase necessitating that Congress either reduce other spending or raise taxes. In both cases, the tax increases and spending cuts could turn out to be inadequate to satisfy all existing payment obligations and to keep the debt under the limit, and the debt-limit crisis could worsen.

In addition, the Act does not guarantee that Social Security benefits will be paid as scheduled in the event that the debt ceiling were reached. The Act requires the Treasury Secretary to give priority to the payment of Social Security benefits but, if the Treasury could no longer borrow any money, there might not be enough cash to pay all Social Security benefits due on a given day. We believe that all obligations of the Federal government should be honored. We do not believe that prioritizing payments by program is a sound way to approach the government's affairs (*e.g.*, giving Social Security payments precedence over tax refunds or other benefits, such as those for veterans). In addition, this Act does not indicate how this complex prioritization process should be implemented, no system currently exists to do so, and any such system would be impractical.

Clearly, there could be very serious risks to Social Security and other benefits and to the credit worthiness of the United States if this Act were enacted into law. To ensure fiscal discipline, the Administration recommends instead that the pay-go rules and the discretionary spending caps in current law be extended beyond FY 2002. These tools of fiscal disciline—which do not rely on debt limits—have been highly effective since they were adopted in 1990 on a bipartisan basis. I urge the Congress to consider these provisions—rather than new debt ceilings—as the best choice for maintaining our hard-won fiscal discipline.

Sincerely,

ROBERT E. RUBIN,
Secretary of the Treasury.

Mr. HOLLINGS. I ask unanimous consent to have printed in the RECORD also section 21 of the Greenspan Commission report, Mr. President.

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

SOCIAL SECURITY AND THE UNITED BUDGET

(21) A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI, and SMI Trust Funds should be removed from the unified budget. Some of those who do not support this recommendation believe that the situation would be adequately handled if the operations of the Social Security program were displayed within the present unified Federal budget as a separate budget function, apart from other income security programs.

Mr. HOLLINGS. The reason I do that is the distinguished Senator from Idaho said he was here and voted for the Greenspan Commission report. And the Greenspan Commission report said: Look, as sort of a lockbox, take the Social Security trust funds out of the unified budget.

A majority of the members of the National Commission recommends that the operations of the OASI, the DI, HI, and SMI Trust Funds should be removed from the unified budget.

You see we contemplated back in 1983 the baby boomer problem. And it is now determined to be not a baby boomer problem, but an adult problem on the floor of the National Government right here in the Congress.

I will ask consent also to have printed in the RECORD the surpluses so they will have the exact figure. But we have the surpluses go up each year. I ask unanimous consent to have printed in the RECORD the Social Security trust fund surpluses from the year 1999 through the year 2008, as computed by the Congressional Budget Office.

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

SOCIAL SECURITY TRUST FUND SURPLUS, CBO DECEMBER 1998 BASELINE

[By fiscal year, in billions of dollars]

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Trust fund surplus	126	137	144	153	161	171	183	193	204	212
Interest received by fund	−52	−58	−64	−71	−79	−87	−96	−105	−115	−126
Non-interest surplus	74	80	80	82	83	84	88	88	88	86
Trust fund balance, end of fiscal year	857	994	1,139	1,291	1,453	1,624	1,807	2,000	2,204	2,416

Source: Congressional Budget Office.

Mr. HOLLINGS. Mr. President, in 1999 we have a $126 billion surplus; in 2000, a $137 billion surplus; and then out into the year 2009, a $217 billion surplus. We contemplated that at the time of the enactment of the Greenspan Commission and said we are going to build up, like a good, responsible insurance company, a reserve so that we could take care of demands of the baby boomers in the next generation.

If we said, at that particular time, Mr. President, that the money is going do be spent for any and everything, as the Senator from Ohio and I have just been discussing, we would have never voted for the payroll tax. You could not have gotten a vote except to save Social Security at that particular time. And we contemplated a reserve fund. Instead, they got all of these super-duper plans to solve the baby boomer problem; when the truth of the matter is, the big thing to do—and it almost puts it back solvent—is quit looting the Social Security trust fund for debt caused by any and every other program but Social Security.

And one final point: The lockbox, in other words, with this particular measure, gives everybody the key but Social Security. When you say, pay down the public debt, you are paying down the debt caused by any and every other program, whether it is entitlement, discretionary or defense. That is the debt. Because it is not Social Security's debt. I wish they would pay down the $857 billion they owe Social Security.

But they said, pay down the public debt. That increases the Social Security debt. The debt increases, as shown for the next 5 years by the Congressional Budget Office. The debt increases, interest costs increase.

We are getting by now, but if we go back to the regular order of business economically in this country, we are really going to be savaged. And when they say honesty, what really frustrates the people who oppose this amendment is the honesty of it—I don't want to say the dishonesty, but the incorrectness of it.

This amendment ought to be withdrawn. It actually continues what we have been doing that got us into this particular fix in formalizing. And they know it is formalizing and dignifying the savaging of the Social Security trust fund.

I thank the distinguished Senator from Wisconsin for his indulgence. I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Thank you, Mr. President. And let me especially thank the Senator from Ohio and the Senator from South Carolina for their courtesy in allowing me to speak at this time.

I want to simply acknowledge that the Senator from South Carolina is, in my mind, the leader in the entire Congress on trying to make sure that we actually protect the Social Security trust fund and that it not be subject to the kind of raids it has been subjected to for the last 30 years. I give him enormous credit for that. He has been my leader on this issue. I thank him for his continued advocacy in protecting the Social Security trust fund.

Ms. SNOWE. Mr. President, tomorrow's vote on the Social Security lockbox legislation will be a defining moment for the Senate. Members will be making an unequivocal statement about how they feel about the Social Security program: Do we truly believe Social Security's monies should be protected and preserved from spending raids? Or are we willing to allow Social Security monies to be treated as a ''piggy bank'' that can be tapped and diverted to other federal programs?

I think the answer to these questions should be obvious—and I believe the 99 Senators who voted on March 24 for an amendment calling for adoption of the lockbox provision during the consideration of the Senate's FY 2000 budget resolution have an obligation to uphold the commitment they made to protect Social Security's monies and vote for the lock-box proposal.

Every Republican and every Democrat present voted for the substance of this proposal just a few short weeks ago and—accordingly—I hope they will vote to conclude debate tomorrow. The Administration's opposition to this legislation should come as no surprise, especially considering that President Clinton's FY 2000 budget proposal relied heavily on Social Security's surpluses to fund numerous other programs. Specifically, the President's budget would have raided $158 billion from the Social Security surplus over the coming five years to pay for other programs, while the Republican budget preserves every penny of the Social Security surplus.

In light of the President's diversion of Social Security monies to other programs, the members of the Budget Committee—by a nearly unanimous vote of 21 to 1—voted for an amendment I offered during the markup that called on Congress to reject any budget that would spend any portion of Social Security surpluses for any program other than Social Security. Not coincidentally, when the President's budget was later brought to a vote in the Senate, it was resoundingly rejected by a vote of 97 to 2.

The bottom line is that the time has come for Congress and the President to stop relying on Social Security's surpluses to fund other government programs. The Social Security lock-box legislation we are now considering provides a hard and fast means of protecting these monies, while providing needed ''safety valves'' for recessions, emergencies, declarations of war, or legislation that strengthens the Social Security program. Accordingly, I urge my colleagues to uphold their commitment to this proposal by voting to conclude debate and bring the Social Security lock-box proposal to a Senate vote.

Thank you, Mr. President. I yield the floor.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, April 20, 1999, the Federal debt stood at $5,628,407,736,077.41 (Five trillion, six hundred twenty-eight billion, four hundred seven million, seven hundred thirty-six thousand, seventy-seven dollars and forty-one cents).

One year ago, April 20, 1998, the Federal debt stood at $5,514,300,000,000 (Five trillion, five hundred fourteen billion, three hundred million).

Five years ago, April 20, 1994, the Federal debt stood at $4,569,088,000,000 (Four trillion, five hundred sixty-nine billion, eighty-eight million).

Ten years ago, April 20, 1989, the Federal debt stood at $2,754,104,000,000 (Two trillion, seven hundred fifty-four billion, one hundred four million).

Fifteen years ago, April 20, 1984, the Federal debt stood at $1,486,967,000,000 (One trillion, four hundred eighty-six billion, nine hundred sixty-seven million) which reflects a debt increase of more than $4 trillion—$4,141,440,736,077.41 (Four trillion, one hundred forty-one billion, four hundred forty million, seven hundred thirty-six thousand, seventy-seven dollars and forty-one cents) during the past 15 years.

CBO ESTIMATE OF Y2K ACT

Mr. McCAIN. Mr. President, when the Commerce Committee filed the report for S. 96, the Y2K Act, the Congressional Budget Office had not completed the cost estimate for the bill. Recently, the committee received the estimate. In summary, the estimate concludes that the measure would most likely result in a savings to the Federal court system. I look forward to debating this measure, and I ask unanimous consent that the report be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 19, 1999.

Hon. JOHN MCCAIN,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 96, the Y2K Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Susanne S. Mehlman (for federal costs), Lisa Cash Driskill (for the state and local impact), and John Harris (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 96—Y2K ACT

Summary: Enacting S. 96 would provide some liability protection for businesses that fail to repair their year 2000 (Y2K) computer problems. CBO estimates that the net effect of S. 96 would most likely be a savings to the federal court system but we cannot estimate the extent of any such savings because we cannot predict the number of lawsuits that would arise—under either S. 96 or current law—from computer failures associated with the year 2000.

The cost of addressing the Y2K problem in the United States is expected to total hundreds of billions of dollars. The extent to which such problems will be resolved prior to next January (or shortly thereafter) remains highly uncertain. Even more uncertain is the extent to which companies and individuals might file lawsuits against businesses because of problems encountered next year. CBO expects that enacting S. 96 could deter some potential plaintiffs from filing such lawsuits.

Some class action lawsuits may be shifted from state courts to federal court under this bill, so the federal courts could incur an increase in costs because class action lawsuits tend to be very timely and costly. However, CBO expects that any such increase would be more than offset by savings attributable to having fewer Y2K cases, overall, under the bill than under current law. Any net change in costs to the federal court system would affect appropriated spending. The bill would not affect direct spending or receipts, so pay-as-you-go procedures would not apply.

S. 96 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) but, overall, CBO expects that enacting this bill would lead to a savings for state and local governments. The threshold established in UMRA ($50 million in 1996 dollars, adjusted annually for inflation) would thus not be exceeded. The bill also would impose a new private-sector mandate but CBO cannot estimate the cost of the mandate.

Description of the bill's major provisions: S. 96 would provide various liability protections for businesses and state and local governments facing possible litigation arising from Y2K computer problems. In particular, the bill would: limit punitive damages to $250,000 or three times the actual damages that a plaintiff suffered, whichever is larger, and cap punitive damages at $250,000 for companies with fewer than 25 employees; require potential plaintiffs to give a prospective defendant 90 days to propose a plan to resolve the Y2K problem before any legal action could be taken under a lawsuit; assess any liability on a proportional basis, whereby a person against whom a judgment is made would be liable for only the portion of damages corresponding to that person's percentage of responsibility as determined by the judge; and ease restrictions for filing class action lawsuits in federal court.

Estimated cost to the Federal Government: CBO estimates that enacting S. 96 would probably result in a net reduction in the workload of the federal court system as compared to what would occur under current law. Thus far, about 60 complaints associated with Y2K problems have been filed; the majority of cases based on those complaints are class action lawsuits that have been filed in state courts. Several of the larger cases have been settled, but there is little basis for predicting the number or outcome of Y2K lawsuits that would be filed under S. 96 or under current law. Therefore, CBO cannot estimate the magnitude of any net savings to the federal government under the bill.

To the extent that a significant number of lawsuits related to Y2K problems are filed under current law, the Judiciary will either need to seek legislation authorizing additional judgeships and support personnel to address the increased workload or experience a severe backlog in cases. Because S. 96 would limit punitive damages associated with Y2K cases, give businesses 90 days to respond to Y2K problems before any legal action could be taken against such businesses, and make other changes affecting liability laws, CBO expects that parties to lawsuits would be encouraged to reach a settlement. Thus, we anticipate that many lawsuits would not result in a trial, which can be timely and expensive. However, some class action lawsuits could be shifted from state to federal jurisdiction under S. 96 because the bill would ease restrictions for filing such actions in federal court. On balance, CBO estimates that the savings from eliminating trials for many lawsuits would more than offset any increased costs that might be incurred from trying additional class action lawsuits in federal court.

Pay-as-you-go considerations: None.

Estimated impact on State, local, and tribal governments: S. 96 contains intergovernmental mandates as defined in the UMRA but would impose no significant costs on state, local, or tribal governments. The bill would preempt state law by applying certain federal requirements to Y2K civil lawsuits in state courts after February 22, 1999. CBO expects that enacting this legislation would deter some potential plaintiffs from filing and pursuing lawsuits, thus reducing the resources state courts would expend on this type of litigation.

In addition, by easing the requirements for filing Y2K class action lawsuits in federal court, the bill could diminish some of the burden on state courts, where most of the current lawsuits have been filed. On the other hand, more individual cases might be filed in state courts to complement class action suits in federal courts. Overall, CBO anticipates the net effect of this bill would be a savings to state courts.

This bill would supersede any state laws inconsistent with it. While no state has established Y2K liability protection for the private sector, several states currently are