Puerto Rico draws near. It seems fairly obvious what the results of the referendum will be. And while I appreciate President Bush's decision to end the use of Vieques by the year 2003, at this juncture I believe that is not going to be satisfactory. Those are the realities, Mr. President. Many wish it would be otherwise, but I don't think it is going to be so.

As a practical matter, continued civil disobedience is going to make the Navy's use of its facilities impossible. We need to accept it and move on, in my view.

Certainly, we need to find a way for our military to conduct training exercises. That is extremely important, and I don't, in any way, minimize the significance of that particular issue. The question is whether or not there are alternatives to this particular venue which is provoking so much dissent and so many problems for both the Navy and the people of the island of Puerto Rico. A Department of Defense panel has already recommended that the Navy work toward ceasing all training activities on Vieques within 5 years. In light of recent events, that timeframe will clearly have to be accelerated. I find it hard to believe that some interim locations can't be found where much of the necessary training that the Navy needs to conduct could take place. Search for alternative sights needs to be given a much higher priority than was anticipated.

I don't fault those who tried to come up with a time line that would be satisfactory, but the realities are such that I don't think that is any longer possible. The steps I have outlined can begin the process for moving forward on this very difficult and contentious matter that undoubtedly has important implications for the people of Puerto Rico and for our national defense.

Mr. President, again, I salute my friends who have gone down to express not only their views but the views of the overwhelming majority of the people on Vieques. My plea at this particular hour, after having these members serve two weeks in incarceration, is that the courts might find it possible for them to have expressed their obligations by incarcerating these people in light of their civil disobedience, but I think moving on is the best course of action.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

RESPONDING TO LAWRENCE LINDSEY

Mr. CONRAD. Mr. President, I thank the Presiding Officer. Yesterday, Mr. Lawrence Lindsey, the President's chief economic adviser, attacked me in a speech before the Federal Reserve Bank in Philadelphia. In that speech, he repeatedly misrepresented my views, my clear positions, and my record.

Mr. Lindsey, the President's chief economic adviser, for some reason feels compelled to take my positions and twist them into something that is unrecognizable. These are not my positions, not my statements. This is not my voting record. I call on Mr. Lindsey to recant these false statements. This does not improve the level of debate about serious issues and what is to be done about our economy and the management of the fiscal affairs of our country.

Yesterday, Mr. Lindsey, in this speech in Philadelphia before the Federal Reserve, said at one point early in the speech, for example:

> The new chairman of the Senate Budget Committee has alleged the recent tax cuts are driving the country right into the fiscal ditch.

He got that part of it right. I applaud him for that. He then went on to say:

> These views reflect one side of the political debate—one that ultimately favors allocating more of our Nation's resources to government.

Mr. Lindsey, you know better. That was not the proposal of this Senator. The proposal of this Senator in the budget debate this year was to continue to reduce the role of the Federal Government. That was my clear position. That is the clear record, and no attempt by him to distort it can change the facts.

Here are the facts. The spending proposal I put before my colleagues would have continued to reduce the share of our national income going to the Federal Government from 18 percent of gross domestic product to 16.4 percent of gross domestic product, which is the lowest level since 1951. Mr. Lindsey, facts are stubborn things. Mr. Lindsey then went on to say:

> The criticisms of the tax cut and comments on the budget made by Senator Conrad hearken back to views widely held in the 1920s and 1930s.

He went on to describe those views supposedly widely held. He concluded that their solution was to raise taxes. The top income-tax rate was raised from 24 percent to 63 percent. The result, of course, was economic disaster. Mr. Lindsey ascribes those views to me.

Mr. Lindsey, that is false. You know it is false, and that it is a total misrepresentation of the record of this Senator.

Let's turn to what I proposed to our colleagues. These are the charts that were used on the floor of the Senate during the budget debate highlighting the Democratic alternative.

No. 1, we protected the Social Security and Medicare trust funds in every year. Does Mr. Lindsey disagree with that? Let's hear an honest debate about that issue.

No. 2, we paid down the maximum amount of publicly held debt.

Next, we provided for an immediate fiscal stimulus of $60 billion. That was a tax cut, not a tax increase, Mr. Lindsey. That was a tax cut. I was one of the first to propose a significant tax cut—in fact, a tax cut to help stimulate the economy that was far bigger than what the administration proposed.

Let's look at what the administration proposed in terms of a fiscal stimulus for the current year, at a time when we are suffering an economic slowdown. All one has to do is turn to the proposal. This is from the President. Their proposal: No tax cut in 2001. None. Zero. That was their proposal. They had no fiscal stimulus. They had no tax cut at a time of economic slowdown. It was largely Democrats who insisted on providing a bigger tax cut this year to provide a fiscal stimulus to help this struggling economy.

And now, for Mr. Lindsey to twist that around and suggest that I was for a tax increase at a time of economic slowdown, Mr. Lindsey, shame on you. That is false. That is misrepresenting my clear record and my views. Shame on you. You should not engage in debate in that way. You should not take my clear positions, my clear record, and stand them on their head. I am not going to allow it to happen.

Mr. President, I don't know what could be more clear. We provided not only a substantial tax cut this year, but the budget plan I put before my colleagues also provided significant tax relief for all Americans, including rate reduction, marriage penalty relief, and estate tax reform. That is my record—not proposing tax increases at a time of economic slowdown.

That is not my record, that is not my position, and that is not my votes.

We also reserved resources for high-priority domestic needs, including improving education, a prescription drug benefit, strengthening national defense, and funding agriculture, and we provided $750 billion to strengthen Social Security and address our long-term debt. That is my record. Those were my proposals. Those were my positions. And for Mr. Lindsey to go to the Federal Reserve Bank of Philadelphia yesterday and suggest otherwise is flat dishonest.

What has them all fussed up down at the White House? Why do they engage in these ad hominem attacks on the chairman of the Budget Committee and others of us who believe that this administration has put us right into the fiscal ditch?

I think what triggered all of this was a press conference I had after Mr. Lindsey himself said that the revenue they were forecasting this year is going to come in below what they had projected.

What we find, if we follow through this, what some in the media have called this amazing shrinking surplus, is that we started out with a forecast of $275 billion of surplus for this year, but after you take out the trust funds of Social Security and Medicare, the cost of the tax bill, and other related budget items, you get down to only $6 billion available this year, and that is

before Mr. Lindsey said the revenue is not coming in as forecast.

That puts us in a negative position. That puts us in a non-trust-fund deficit. That is, when you take out the trust funds of Social Security and Medicare, you see red ink for this year, and I pointed out it is not just this year, this time of economic slowdown, but looking ahead to next year when the administration forecasts strong economic growth that we find the situation is becoming even more serious. This is after the administration promised us a budget plan that could do everything. They said they had a budget plan that would allow for a massive tax cut. They said they could also accommodate a major defense buildup, they could protect Social Security, and they could have maximum paydown of the national debt. They said it all added up. It does not all add up. That is what is becoming more and more clear.

If we look at 2002, the next fiscal year, with a projected surplus of $304 billion, if we take out Medicare and Social Security, we get down to $95 billion. Then take out their tax cut and the budget resolution that passed Congress, and we get down to $25 billion available. But that is before we see a further reduction in the economic forecast because of the economic slowdown.

The economic slowdown this year will mean we have less revenue next year. We had three economists testify before the Budget Committee that we could see a reduction of anywhere from $50 billion to $75 billion next year from what was forecasted in revenue for the Federal Government. That wipes out the available surplus and puts us into a raid on the Medicare trust fund next year, and it even suggests that this administration may be using some of the Social Security trust fund.

That is not at a time of economic slowdown; that is a time in which they are projecting strong economic growth, and yet we see their proposal will be using Medicare and Social Security trust funds to finance other programs of Government at a time they are forecasting—this is the administration's projection—strong economic growth. Yet their proposal will mean we are using Social Security and Medicare trust fund money to finance the other programs of the Federal Government.

This is what I have raised questions about. Does it make sense for this country to use Medicare and Social Security trust fund money to finance the other programs of the Federal Government at a time that the administration is forecasting strong economic growth? I do not think so. I do not think we should finance the other programs of Government, however meritorious, by using the trust funds of Social Security and Medicare at a time of strong economic growth.

Why? Because we all know that in the next decade the baby boom generation starts to retire and these surpluses in the trust funds turn to big deficits.

I should point out that we see trouble next year in terms of the trust funds of Social Security and Medicare being used to finance other programs of Government before the big increase in defense the President has requested.

If we look at what that will do, and we look at 2002, we see we are already in trouble before the President has requested a substantial increase for defense. That just makes the raid on the trust funds deeper and broader.

When we look ahead and put in the Bush defense request, when we put in new money for education, which just passed nearly unanimously in the Senate but is not in the budget, when we put in money for natural disasters, which is not in the budget—but we just had a natural disaster in Ohio the night before last, we just had a natural disaster in West Virginia, we just had natural disasters in Texas—when we put in money for natural disasters, when we address the tax extenders, the popular expiring provisions of the Tax Code we all know are going to be extended that are not in the budget, when we look at fixing the alternative minimum tax fiasco created by this tax bill, which is going to take us from fewer than 2 million people being caught up in the alternative minimum tax to 35 million people being caught up in the alternative minimum tax, and if we just look at the cost of fixing that problem caused by this tax bill, it costs $200 billion to fix, and if we look at additional economic revisions because of the economic slowdown we are experiencing and the associated interest costs, what we see is that every year for the next 9 years this administration's economic plan will be using Medicare trust funds and Social Security trust funds to pay for the other programs of the Federal Government unless some change is made.

One can look at these and say: Gee, I don't think we are going to add any new money for education. Or one can say: I don't think we are going to pay for natural disasters. Or: I don't think we are going to pay to fix the alternative minimum tax that is going to affect 35 million American taxpayers by the end of this period, nearly 1 in 4 taxpayers in this country. Or one can say: We don't think the Bush defense request will be granted.

Fine. One can use one's own assumptions. I just say to my colleagues, this reveals just as clearly as can be that their economic plan, their budget plan, does not add up, did not add up, and puts us right back into the deficit ditch. That is what I have said and that is what I meant, and I believe the record is clear.

Mr. President, I think they realize they are in trouble, so their response has been: Oh, there really isn't a Medicare trust fund surplus. That has been one of their responses. We have heard it in this Chamber, and we have heard it from people in the administration. That is an interesting idea, but if one looks at the report of the Congressional Budget Office on page 19 of the budget outlook, under ''Trust Fund Surpluses''—this is a report of the Congressional Budget Office—it shows that Social Security has big surpluses every year. Medicare, hospital insurance, Part A: big surpluses every year.

Part B, the administration claims, has a deficit. That is not what the records show. The records show that it is in rough balance and actually has a slight surplus over the period of the 10 years in this budget. It is not just the Congressional Budget Office documents that show there is a Medicare trust fund surplus; it is the administration's own documents issued by the Office of Management and Budget that show Medicare, Federal hospital insurance, HI trust fund surpluses each and every year.

It is not just Medicare Part A; it is Medicare Part B the administration is now claiming is in deficit. But look at their own reports. Here is Part B, the Federal supplementary medical insurance trust fund; look at the reports they have issued. They show that over the 10-year period of time they are in rough balance in Part B. What they have tried to do is say, because Medicare Part B is financed 25 percent from premiums and 75 percent from the general fund, the general fund contribution represents a deficit. It does not. If we were to apply that standard, every other Federal Government program would be in deficit because they are funded, by and large, by 100-percent contributions from the general fund.

Is this administration claiming the defense budget is in deficit because it is financed 100 percent from the general fund? I have never heard that from them. I never heard from them that education is in deficit because it is funded 100 percent by the general fund. That is precisely how you fund most Government programs.

Medicare Part B physician services actually has an additional funding mechanism. Some of it comes from the general fund, but part of it—25 percent, roughly—comes from the premiums paid by Medicare-eligible people.

Now, is this administration saying that in a deficit they are proposing a big increase in the premiums that senior citizens pay? I would like to hear the answer to that. Is that what they are suggesting? They have a problem because I believe it is wrong to use Medicare and Social Security trust fund money to pay for the other programs of Government. Their own congressional leadership doesn't agree with them.

If they are saying that my views are the views of the 1930s, are they making that same accusation with respect to the Speaker of the House of Representatives—the Republican Speaker of the House of Representatives? This is what he said on that question on March 2 of this year:

> We are going to wall off Social Security trust funds and Medicare trust funds. And consequently, we pay down the public debt

when we do that. So we are going to continue to do that. That's in the parameters of our budget and we are not going to dip into that at all.

That is the Republican Speaker of the House of Representatives. Is the White House saying he has 1930s economic views?

It doesn't stop there. This is a quote from the House majority leader, DICK ARMEY, a Republican. He said, this month:

Let me just be very clear on this. The House of Representatives is not going to go back to raiding Social Security and Medicare trust funds.

Does Mr. Lindsey think DICK ARMEY, the Republican majority leader in the House of Representatives, has 1930s economic views?

It doesn't stop there. Here is a quote from July 11 from the House Budget chairman in the House of Representatives, Mr. JIM NUSSLE:

This Congress will protect 100 percent of the Social Security and HI trust funds. Period. No speculation. No supposition. No projections. The Congress has voted unanimously, or almost unanimously. There were a few that didn't see it this way for lockboxes and all sorts of different mechanisms to make sure this occurred. Both parties prepared budgets that did so. We will protect 100 percent of Medicare and Social Security.

Does Mr. Lindsey say the Republican House Budget Committee chairman has 1930s economic views? What say you, Mr. Lindsey? It appears to me you are contradicting the elected leadership of your own party in the House of Representatives. And it is not just in the House of Representatives. If we come to the Senate and look at the statement from the former chairman of the Budget Committee, the very distinguished and able Senator PETE DOMENICI, this is his quote:

For every dollar you divert to some other program, you are hastening the day when Medicare falls into bankruptcy, and you are making it more and more difficult to solve the Medicare problem in a permanent manner into the next millennium.

Mr. Lindsey, does Senator DOMENICI, the former Republican chairman of the Senate Budget Committee, have 1930s economic views?

It is not just the former chairman of the Senate Budget Committee, the former Republican chairman, and not just the elected leadership of the House of Representatives—all Republicans—who have said very clearly that they intend to protect both Social Security and Medicare trust funds. Every Republican Senator, every single one, voted 4 months ago, on language that said the following:

Preserving the Social Security and Medicare hospital insurance surpluses would restore confidence in the long-term financial integrity of Social Security and Medicare.

That is what they said. They said very clearly the same thing I am saying.

Mr. Lindsey, does every Republican Senator have 1930s economic views? I don't think so.

We ought to have a thorough and honest debate. But Mr. Lindsey, don't misrepresent my view and misrepresent my record. It is there for anybody to check. I proposed not a tax increase this year; I proposed a significant tax reduction, a much bigger tax reduction than this administration proposed for this year. I proposed a real fiscal stimulus at a time of economic downturn. I didn't just propose it; I voted for it. My record is clear.

Interestingly enough, this administration proposed no fiscal stimulus for this year. I am holding up their plan. I will submit it for the RECORD because it is right here. If Mr. Lindsey thinks we have forgotten who proposed what, he is dead wrong. We remember very well.

Who stood where on the question of fiscal stimulus for this year? I not only proposed significant tax relief for this year; I proposed significant tax relief going forward. It is true, not as big a tax cut in future years as the administration proposed, because I could see they were putting us in danger of raiding the Social Security and Medicare trust funds in the future, at times when even they say the economy will be growing strongly. That is their economic plan. That is their budget plan that has put this country in jeopardy, that has put us in a position of violating the trust with the American people. It is their budget plan, it is their tax plan, that has us on a collision course with going back into the deficit ditch.

Mr. Lindsey is the chief economic adviser to the President of the United States and the architect of this failed plan. He will be held accountable by history. He said they had a plan that added up. I confess, I didn't know when I was on the floor day after day after day questioning the wisdom of their plan that it would be revealed in this year how flawed it really was. I did not think we would face a problem until perhaps 2003 or 2004. But already we are in trouble; already this administration is using Medicare and Social Security trust fund money—at least Medicare trust fund money this year, clearly Medicare trust fund money next year and perhaps even Social Security trust fund money—and that is before their request for a substantial increase in defense expenditures.

I am willing to engage in a tough and spirited debate on these issues with any representative of the administration. But I do not expect them to misrepresent my positions and my clear record. That is unacceptable. That is absolutely unacceptable.

All of this is especially ironic, given the headlines in the Washington Post today: ''Social Security Future Grim, Bush Panel Says.'' Here is the first paragraph of that article:

A commission assigned by President Bush to redesign Social Security yesterday offered a bleak appraisal of a ''broken'' system, warning that deep benefit cuts, tax increases, or ''massive'' federal debt are inevitable unless Congress allows the personal retirement accounts the White House favors.

What irony, warning that:

. . . deep benefit cuts, tax increases, or ''massive'' federal debt are inevitable unless Congress allows the personal retirement accounts the White House favors.

I have always believed it is inappropriate to say I told you so, but, I told you so. When we had the budget debate, the proposal I put before our colleagues protected the Social Security and Medicare trust funds in each and every year, but, more than that, set aside $750 billion out of the surpluses of today to prepay some of the Social Security liability tomorrow. This administration said no. This administration turned their back on an opportunity not only to protect the Social Security and Medicare trust funds in each and every year but, more than that, to set aside money to prepay part of the liability that is coming, which they now say threatens massive debt, tax increases, or deep benefit cuts.

Where were they when just months ago we had that exact debate? They didn't know this? We all knew it. We all knew that is where we were headed. Yet Mr. Lindsey, as the chief economic adviser to the President, and the rest of this economic team, plunged ahead with a budget and tax plan that never added up, that doesn't add up, that risks putting us back into the budget ditch, and now are misrepresenting my record by trying to assert that I favor tax increases at a time of economic downturn when my record shows absolutely to the contrary, that I proposed a far bigger tax cut this year than did the administration.

Finally, for them to assert that my budget plan meant more resources going to the Federal Government—nonsense. The budget proposal I put before our colleagues continued to shrink the role of the Federal Government, from 18 percent of gross domestic product today to 16.4 percent of gross domestic product at the end of this budget period, the lowest level of GDP since 1951.

Mr. Lindsey, that is my record. Those are my positions. No attempt by you to distort them or misrepresent them is acceptable.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. In my capacity as a Senator from the State of Florida, I ask unanimous consent the order for the quorum call be rescinded.

The Chair hears none, and it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. In my capacity as a Senator from the State of Florida, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.