appointed an official reporter with the Senate Official Reporters of Debates serving in that capacity until he became Chief Reporter in 1988.

When ''Chick'' Reynolds was a working stenotype reporter, he was considered one of the fastest and most accurate in the country. He reported on Federal agency hearings and on various committees in both the House and the Senate, including the Joseph McCarthy and Jimmy Hoffa hearings on Capitol Hill. He was assigned to cover the White House during the Kennedy, Johnson, and Nixon administrations, and was in the Presidential motorcade on that tragic day when President Kennedy was assassinated in 1963.

''Chick'' Reynolds served the Senate and the Nation with distinction for 21 years, and only discontinued that service when ill-health forced him to do so earlier this year. His was an outstanding career, but, the recounting of one's career successes can never completely give the whole measure of a man.

By all accounts, ''Chick'' Reynolds in both his private and professional lives was an eminently decent human being, with great affection for his wife, Lucille, and a fine sense of humor. He was fond of saying that he took Lucille everywhere he went so that he would never have to kiss her goodbye. He liked to tell a story about one sultry evening when he was stuck in traffic on route 95 with the windows rolled down because of a faulty air conditioner. His only passenger, his cat, suddenly decided that it was too hot in the car, and leaped out of the window. ''Chick'' pulled over immediately and spent some time frantically searching for the cat in the heat and congestion. He did not want to go home to Lucille without that cat.

''Chick'' Reynolds was a man to whom his fellow employees could continually look for counsel and instruction, always given with humor and genuine concern. Those who worked with him are indeed fortunate to have been so close to this very special life. ''Chick'' will not be forgotten by his colleagues in the Senate. The institution has been diminished by his passing. His great competence and his institutional memory and comprehension are not easily replaced in a world now more interested in speed than in considered contemplation and mature judgment. ''Chick'' Reynolds was surely *sui generis,* one of a kind, in a world often far too short on wisdom and experience.

I extend my sincere regret and deep condolences to his family, and most especially to his beloved Lucille. He is gone. But, the lives ''Chick'' Reynolds touched and the difference he made through his service here, and through the force of his warm and magnanimous personality will remain. The Senate and all who knew him are measurably better for the life and example of Charles ''Chick'' Reynolds.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is closed.

THE BUDGET RESOLUTION

The PRESIDING OFFICER. There will now be a period for debate on House Concurrent Resolution 67, the concurrent resolution on the budget for fiscal year 1996.

The Chair, in his capacity as a Senator from the State of Missouri, suggests the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DOMENICI. Mr. President, is the pending business before the Senate the concurrent budget resolution?

The PRESIDING OFFICER. We are in a period for debate on the budget resolution.

Mr. DOMENICI. I understand that we have decided to take 4 hours today, equally divided, and Senator EXON might have other Senators who want to speak during his 2 hours.

Mr. EXON. I advise the Chair that the answer to that is yes.

Mr. DOMENICI. Mr. President, I want to say to Senators—particularly to those who are conferees and, in addition, those on the Budget Committee, all of them—I am not sure they knew we were going to be on this at noon today. Perhaps they thought it would be later, or perhaps even some might have thought tomorrow. I ask that they come to the floor, or call us if they would like some time. I would like as many of them who like to speak to do so. We will have some time tomorrow. I understand three of them want to speak today. This is my invitation to them so that we can arrange the time.

Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 15 minutes.

Mr. DOMENICI. Mr. President, today, the fiscal year 1996 concurrent budget resolution conference agreement, which will be before the Senate shortly, represents, in my opinion, a very historic step in bringing the Federal budget under control, bringing it to balance in 7 years by slowing the growth in Federal spending.

This blueprint that has been crafted is one which, first and foremost, reaches a balance by the year 2002 and does that by ratcheting down the deficit to a balance in 2002. It does that by reducing expenditures of the Federal Government. There are no other items making up that reduction and ratcheting down those deficits, other than reducing the amount of Government spending.

This provides, in addition, up to $245 billion in tax relief. But I want to repeat what we have spoken about so often in the Senate—that relief comes only when we have achieved a balanced budget by adopting this resolution with mandatory caps on the expenditures of appropriated accounts, with one set of caps for defense and one set for all the rest of the expenditures that occur annually, called ''appropriated accounts''; and then when we present from the respective committees to the Budget Committee the reconciliation bill, which will accommodate and respond to the instructions given by this resolution, and once they are in the hands of the Budget Committee here and in the House, we will have them evaluated by the Congressional Budget Office, the authenticator, the neutral group, chosen by most, and only a couple of years ago chosen officially before the American people by the President of the United States, as the real authenticator, which would have no smoke and mirrors, which would be objective—we will ask that entity to evaluate our performance. If the caps are enforced—and we intend to enforce them—and that bill called ''reconciliation''—a strange name, but I guess the best way to say it is that it reconciles the laws of the country with the budget resolution, thus, it is called reconciliation. That big package will address the issues of Medicare, Medicaid, and many other entitlements, and it will attempt to make Medicare solvent for the next 10 to 12 years, instead of leaving it on a spend-out that would yield to bankruptcy within 6 to 7 years. They will not have enough money to pay their bills in 6 to 7 years. So when that event occurs, and it is certified by that authenticator, then we will tell the American people and the U.S. Congress that we have a balanced budget.

At that point in time, what will happen is the $245 billion will be released to the Finance Committee in the Senate and its counterpart in the Ways and Means Committee in the House, and they will proceed. While we remain the custodians of the reconciliation bill, we are holding it, they will produce the tax bill after they have debates in their committee, and they will send that tax bill to the Budget Committee, who will then be the guardian of both and bring both to the floor. One will not be passed without the other. We will pass the big reconciliation bill, which the authenticator will say gets you to balance; and then, Mr. President, the American people should know that tax cuts cannot get you out of balance. That is part of the mandate. The tax cuts cannot, in the last year, the seventh year, be bigger than the economic dividend which created a surplus in that last year. It is around $50 billion. So if some wonder whether the tax cuts are going to deny the people of this country a balanced budget, it will not.

The deficits in each of the previous years will be a little higher than we thought they would be as the bill left the U.S. Senate, because we have to accommodate to $75 billion—not $245 billion, but to $75 billion more than we had accounted for in our budget. Those will be spread back across by way of increased deficits annually. But in the final year you will be in balance.

So we believe it is an exciting time, an exciting event to speak about today, to speak about tomorrow, and then to ask the U.S. Senate to vote yes or no. I am very hopeful that the vote will be more than 50 voting for it. I believe that is going to be the case, which means it will pass.

It will do a lot of good things for America. First of all, it demonstrates a commitment to keep our promise to the American people that we will, working together with them, enact a balanced budget for the American people.

It also is an answer to many—most of whom are on that side of the aisle—who said we do not need a constitutional balanced budget to get a balanced budget.

Saying, over and over, ''Just do it. Take the action that you must.'' We took it seriously. In 7 years, we produce that kind of budget.

From this Senator's standpoint, there is probably no event on the domestic side, in the past three or four decades, that is more important to the future of America and more indicative that we are changing directions, than this budget resolution. It is the framework to change the fiscal policy of America, and to change the way the Federal Government operates with and toward the sovereign States and the people of the country.

There should, when it is implemented, be less Government here. I believe the American people have been saying they want less Government here. It will say, ''You have more power at the State level.'' It will say, ''We are giving you more power over programs we have held both the purse strings and the power over.''

It is a vote of confidence in the Governors and legislators of America who are closer to the people than we are, and who are capable of modifying and melding programs so that they do not fall prey to the one-shoe-fits-all philosophy. That if there is one program with one definition, and one set of strings, it must be good for all Americans and for all States. It will change that premise of Government.

Incidentally, Mr. President, there is no question that we cannot get there unless we reform and alter and make better the programs of health care that America as a United States Government manages or funds, or operates. We will do that.

We will reform Medicaid and Medicare—at least our committees will—in response to this instruction of this budget resolution, requiring that they reconcile the law. I will talk about that in a little while.

In addition, sometimes we forget that of all our responsibilities, there is only one that we do alone and that the sovereign States do not do and we do not ask them to. That is our national defense. I assume when we come here as Senators and take the oath that we pledge our support to our Constitution and our Nation, but I think it is obvious that we are, at the minimum, committing ourselves to the national defense.

So we take care of the national defense here, also. Before we are finished with our presentation, for those who say we have raised defense spending while we have reduced spending in certain social programs—in particular, the entitlements—we will show the American people that, truly, defense, when we are finished with our 7 years, will not have grown, but of a steady starting point, will have come down by $17 billion—$17 billion less than 1995. So, while it comes down, contrary to what is being said by some, Medicare, Medicaid, and other entitlements will go up. Medicare itself will go up by 252 billions of dollars—not down—up. Medicaid will go up by about $180 billion cumulative over the 7 years—not down—up.

I would like to go on with a few other summaries and a few definitions. Then at the appointed time I will yield to Senator EXON, and from my side of the aisle, since we have half the time, fellow Republicans, I would like some Senators to use some of this time this afternoon, 15 or 20 minutes, by each Senator genuinely interested.

Let me give Senators Webster's definition of the word ''compromise.'' The third definition of compromise in this source dictionary ''is something midway between other things in quality, effect and criteria,'' et cetera.

Compromise is something our Founding Fathers envisioned. Clearly, this conference agreement before the Senate today is a compromise. Let me suggest from my standpoint, the Senator who chaired the Budget Committee that got it started out, that put the package together, I truly believe this is an excellent package and a very solid compromise that will serve our people well.

Clearly, the House did not get everything it wants in its 5-year blueprint for America; nor did we. Balance is achieved in 7 years by, first, reducing the rate of growth in total spending.

Let me give a few numbers and ways to look at that. Total Federal spending grows from $1.5 trillion in 1995 to $1.875 trillion in 2002. The average growth rate, Mr. President, will be 3 percent a year. When it goes from $1.5 trillion to $1.875—almost $1.9 trillion—it will grow at 3 percent. The Federal deficit would grow next year to nearly $200 billion if we do not adopt and enforce this resolution. Mr. President, $200 billion without the changes in policy which will reduce that to $170 billion. Thereafter, it will decline to a surplus of $7 billion in the year 2002.

The total deficit reduction over the next 7 years will reach almost $900 billion. Everyone should understand that reduction occurs while the budget is still growing. It is a reduction in the amount of growth by $900 billion, including the interest we will save.

The tax reductions that are contemplated, we should understand very clearly, and every Member of the Senate should, first, there is nothing in this budget resolution that will tell our Finance Committee, the tax-writing committee, what taxes they should reduce. There is nothing in any budget resolution adopted under the laws of this land that can tell a committee precisely what their finished product will be.

I cannot stand here and say that I am clairvoyant enough or understand the mind of the Finance Committee so well that this $245 billion, if they use it, will yield certain tax cuts. What I can say, unequivocally, that those reductions cannot and will not occur until the committees of this Senate have first met their spending reduction instructions.

Let me repeat: The tax reductions that we speak to, which I have alluded to in terms of how we constrain them so as to assure balance, cannot occur and will not occur unless the committees of the U.S. Senate—from the Agriculture to the Labor Committee, to the Finance Committee, to Government Operations, to Energy and others—until they reconcile the law and change it pursuant to this instruction to save the money, there will not be any opportunity for our Finance Committee of the U.S. Senate to pursue a tax bill.

Once that certification occurs—and I have explained that heretofore. Let me do it again. There will be, flowing from the Budget Committee to the Finance Committee, an allowable of $245 billion, $170 billion of which, Mr. President, is the economic dividend which we are entitled to for having reached balance. They will then proceed to write a tax bill, and they must have sufficient votes to get it done. And when they put it in the reconciliation bill in our hands, as custodians of both they will need 51 votes of the floor of the Senate also.

So in a very real sense, the Senate of the United States will decide what tax cuts there will be in this $245 billion allowed. And Senators will have a very big input into it. Ultimately, once again we will have to go meet with the House, who will do their job, and we will have to see what the product is.

Cumbersome it is. Unpredictable, with certainty today—even as short a time as 3 months from now we cannot predict, because committees will do their will. But we have come as close as we have ever come to putting an enforceable blueprint before the committees of this Senate. And the only thing they have to decide: Do you want to be part of balancing the budget or not? And if you do, you have to do what you

have been told to do. And I am not telling them what to do. When this vote occurs tomorrow, and a majority of this Senate says aye, the Senate is telling them what to do.

There is no other way under current procedures to get that job done. You could never bring those bills here without a budget resolution because they would be debated forever, amendable forever, and Americans would be waiting until God knows when for a balanced budget. So, while it is not nice to tell committees you have 2½ months or 3, because the date they must produce is September 22, they will produce it and send it over to the Budget Committee for interpretation.

I am certain most of the discussion in opposition to this budget resolution will say it is too quick, not quite the right time, this economy is perhaps not as robust as it was 2½ years ago. Let me say to everybody watching and all our Senators, for those who do not want to balance the budget of the United States it is never the right time to balance it. For, if you are on the up side of the business cycle, with a buoyant 4 percent growth, there will be those who say it is not the right time because we do not want to put any damper on that. Let us let that great economy go on. If you do it in the middle of the business cycle there will be those saying, oh, no, do not do that. It is too close to coming down. And if you wait until now, when you we have had a rather robust recovery for a rather prolonged time, there will be those saying do not do it now. We need to make sure the economy continues on.

But to all of those critics, I remind you that if a balanced budget is not worth something to our children and to the future and to opportunity for the future, then we ought not be doing it. But if it is, we ought to do it, for it has a bigger positive effect in our economic lives and the lives of our children than the temporariness of an up or down in the business cycle.

But, did you hear how much we are reducing the deficit in the first year? We are reducing it by $30 billion. It would have been $200 billion. We will get it down to $170. To anyone who wants to criticize this on the basis that it is bad for the economy, then let them say that a $30 billion reduction could harm an economy of almost $6 trillion.

I am also certain that there will be those who will say we should not reform Medicare. We should not do that as fast as we are doing it. And we will hurt people. And some will even say we are cutting Medicare.

Let me suggest, Medicare is going to grow from $158 billion to $244 billion as an annual expenditure of Medicare by the year 2002. It will grow at an annual average rate of 6.4 percent. The total Medicare spending over the next 7 years will top $1.6 trillion. Medicare is borderline solvent. It will not have money to pay its bills in 6 or 7 years. By the changes we are asking, the reforms we are asking, it will be made solvent and will be there for our seniors.

One last observation that should not go unnoticed. Per capita expenditures on Medicare will increase from $4,900 per recipient to $6,700 per recipient by the year 2002. Relative to what I perceive to be an unsustainable current spending path, the conference agreement reduces Medicare spending from that expected amount, which I do not believe was sustainable, and reduces it by $270 billion.

I will talk about Medicaid in due course, defense and nondefense spending. But, obviously, at this point I have given to the U.S. Senate and those concerned and observing at least an overview of why we are doing what we are doing.

I close with just my own pledge and my own feelings on this day about this event. Mr. President, fellow Senators, the time has come for adult Americans leading this country to produce a Government plan that no longer asks our children and grandchildren to pay our bills. The time has come for us to say enough is enough. No more burden on our children to pay for the deficit spending of today. Sooner or later we must do it for the general good of our country and for the specific well-being of our children and grandchildren. And I stand ready to support what we are suggesting and recommending because I believe the better good and the broader and more basic good for our country will come from us being responsible.

Mr. President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I yield myself such time I might need off time on our side.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to start out by congratulating my good friend, Senator DOMENICI from New Mexico, the chairman of the Budget Committee, for the remarks he has just made.

I say to Senator DOMENICI, the remarks I will make in the next few moments are certainly not intended directly at him. I have the highest regard for him, his ability, and, generally speaking, I would subscribe wholeheartedly to the road he just outlined to get from here to there with regard to a balanced budget.

I worked with Senator DOMENICI on the Budget Committee since I came here 17 years ago. He is a principled individual. He worked very hard to put this budget together. Unfortunately, we were not able to see eye to eye. I would simply say to my friend from New Mexico that the main disagreement here, as he understands fully, is not the goal that I think we both want, a balanced budget, but—and there has been considerable discussion and debate—which will continue—the roads or the paths we follow to get from here to there.

I think in summation, before I begin my remarks, I just wanted to say that he is the Republican leader and I am the Democratic leader. When we have this kind of democracy in action we are entitled to the majority view, we are entitled to the minority view. I simply say, I congratulate him for what he has done. I hope we could work together in the future.

But certainly, as he knows full well, the events of the last few months have not made it possible for us to join forces as I hoped, earlier, we might be able to. That is not his fault and it is not mine. That is the system under which we operate.

Mr. DOMENICI. Will the Senator yield?

Mr. EXON. I will be happy to yield.

Mr. DOMENICI. Mr. President, let me first say I am very gratified by the remarks, and I appreciate them. Frankly, I must say the feeling is mutual. I did not feel very good when I heard the Senator was not going to be around here very long, that he decided to go home and retire. I think he has done an excellent job for his people and for this great country. I am very sorry we do not have a budget we both can stand up here and say we are for.

I am quite sure that in many of the difficulties, many of the exact issues, the Senator from Nebraska and I would be on the same boat, he and I, traveling down that stream, trying to get to ''Balanceville,'' I guess I would say. We are not there this year. I know the Senator will hope for us the best in our journey. We will try to get there. If the Senator from Nebraska cannot help us now, perhaps he might later on when the President chooses to make it more difficult for us.

Maybe the Senator—who knows—might be in one of those meetings to see what we can do.

I thank him very much.

I yield the floor.

Mr. EXON. I thank my friend. I appreciate his very generous remarks. We have been on different sides on many issues. In 1993, when we passed the first great deficit reduction bill in history offered by the President, while I thought that my friend and colleague from New Mexico probably agreed with many of the thrusts of the President's initiative, he still was not able to support it.

I have reviewed some of the statements that he made in opposition to the President's measure which received not one single Republican vote in either the U.S. Senate or the House of Representatives. With that thought in mind, I have gone through the remarks that I am about to make and hope that Senator DOMENICI and others might not, in a year or two, be able to point back and say EXON said this and it did not turn out that way.

I will simply say that we do get carried away with rhetoric from time to time. I am going to try to be straightforward about this and explain my position, and the general Democratic position with regard to what we think is

an unfair, very troubled, very bumpy road, especially with regard to our senior citizens, our veterans, rural America, and others not so fortunately situated financially.

Mr. President, today we bring down the curtain on the first act of this budget drama that has been unfolding since February. And I hope I can bring a little Nebraska common sense to the sound and fury that has swirled around this budget.

Contrary to what we may read in the papers or see on television, the budget we are debating should not be about Presidential politics. It is not about the Republican Party or the Democratic Party.

This budget is about 100 million American households. It is about the 250 million Americans who are looking to us to make the right decisions about this budget. That is not the province of any person or party.

I am glad the President has become engaged in this landmark debate on how to balance the budget. The American people want to see cooperation between the two parties. They crave rational and civil discourse and meaningful dialog. They hope that we will take the best ideas—regardless of party—and forge a tough new alloy from these different metals.

Unfortanately, my Republican colleagues have a different view. They believe that their budget is so pure, so sacred, so perfect that it cannot be touched by those of us on this side of the aisle.

I am reminded of a story that Will Rogers told. It seems that a woman confessed to her priest that she was guilty of the sin of pride. She said, ''When I look in the mirror, I think I'm beautiful.'' The priest said, ''That's not a sin. That's a mistake!''

And so it is with this Republican budget. The Republicans may think so, but their budget has not improved with time. It has not turned into a dazzling butterfly. It is a mistake on a colossal scale.

At the opening of the conference on the budget, I predicted that the Senate budget would deteriorate. I wish that I had been wrong, but with each violent lurch forward, this budget gets meaner and uglier. The all-Republican conference merely twisted the knife.

And that is the story of Republican priorities throughout this budget: From bad to worse—from worse to worst.

Were the Medicare cuts softened to ease the pain on the elderly? No, they are worse—$14 billion worse, bringing the total Medicare cuts to $270 billion. That is the largest cut in Medicare history coming from the self-proclaimed saviors of Medicare. Hit men is more like it.

What about Medicaid? Was there any attempt to help the elderly, disabled and the children who rely on this health safety net? Not a chance in this Republican budget. Medicaid was slashed by an additional $7 billion, bringing the cuts to a staggering $182 billion over 7 years.

What about rural America, already reeling from the $11.9 billion in cuts in the Senate budget? This new budget heaps on further abuse with an additional $1.4 billion in agriculture cuts bringing the total damage to $13.3 billion.

And what about the tax cut? What about the so-called economic dividend we heard so much about on the Senate floor in May? It was the once and future tax cut. It was the tax cut that was not a tax cut, in the parlance of my friends across the aisle.

Thank goodness, we can finally end that charade. We can dispense with the play-acting. There is a tax cut in this conference agreement. It is a whopping $245 billion tax cut—$75 billion more than the Senate economic bonus and it is on page 32 of the conference report. That is where the Senate Republicans accommodate the Contract With America. ''Caved in'' would be a more accurate description.

We know how the Republicans will pay for the $245 billion tax cut. They pay for it by strip mining Medicare and Medicaid. They pay for it by gouging education, job training, and the earned income tax credit. They pay for it by flailing rural America.

Of course, we do not have any firm details on the tax cut itself. That will be up to the tax-writing committees, as Senator DOMENICI indicated. But I think we can venture a good guess at what will be in this witches' brew. The conference agreement is the vessel for the Contract With America and it's filled to the brim with tax cuts, primarily for the wealthy.

The Wall Street Journal reported that the $245 billion Republican tax cut could include such goodies for America's wealthiest as a $64 billion capital gains tax revision and a $500-per-child tax credit for families making up to $200,000 per year—key provisions of the Contract With America.

The sense-of-the-Congress resolution, sponsored by Senator BOXER, that stated that 90 percent of the tax benefits should go to working families making under $100,000 was changed beyond recognition. It was gutted in conference to drop the $100,000 cut-off. It was totally rewritten to conform with the Contract With America.

House conservatives are threatening to derail the reconciliation bill unless it meets their far-right litmus test. Representative PHIL BURTON, leader of the so-called Conservative Action Team, told the Journal, and I quote, ''It is imperative that it''—the child tax credit—''be kept at $200,000.'' House Ways and Means Chairman ARCHER said, and I quote, ''I'm not going to go back and do another tax bill.'' And why should he when the Senate Republicans are waving the white flag to the Speaker of NEWT GINGRICH's, army.

Mr. President, families making $200,000 a year do not need any largesse from the Federal Government. It is astonishing that at a time when we are asking for a helping hand for our elderly, our students, and middle-income Americans, we are giving a handout to the wealthy. It is obscene that my Republican colleagues are contemplating tax cuts for families making six figures. Is this mainstream America, Mr. President? I emphasize that. I think the Republicans are not so much concerned about mainstream America as they would have you believe. My Republican friends talk much about it. I can simply sum up by saying it certainly is not mainstream Nebraska.

Mr. President, the most confusing part of the tax cut package is that it costs $245 billion, but it is supposedly financed with an economic bonus of only $170 billion. Anyone can tell you that is $75 billion short.

Republican leaders have gone to great pains to explain this sleight of hand by focusing on the net effects of the cut and the bonus in the year 2002. In that year, the economic bonus will be $50 billion, the CBO says. The Republican package will thus be restricted to $50 billion as well for that year. In preceding years, however, the cost of the tax package will exceed—will exceed, Mr. President—the savings from the economic bonus by a significant margin. I underline that. In the preceding years, the costs of the tax package will exceed the savings from the economic bonus by a significant margin.

Despite the differences in the cost, the Republicans claim that the $245 billion tax cut can be included in the budget without compromising the goal of zero deficits in the last year.

In order for all of this to pan out, spending cuts in programs like Medicare and Medicaid once again will have to be used to finance the additional costs. This is coming from the party that claims it is ''saving'' Medicare. For Medicare, any more of these kinds of ''savings'' will assure that there will not be anything left for the program.

My Republican colleagues are not only short $75 billion to pay for their tax cut, they are also short on explanations. They are not explaining to the American people that the extra $75 billion in tax cuts would result in higher debt service and, in turn, higher deficits—up to $100 billion—for the years leading up to the magic balanced budget year of 2002, and that, in turn, would cause higher debt service costs for those intervening years. Mr. President, that is clear.

I mentioned earlier that this budget is about American people, and so it is. I want to take a few minutes to get beneath the shiny surface of this budget that is all glitter and glut for the wealthiest. Nowhere do we see this more than in Medicare and Medicaid. The Republicans now siphon off $275 billion from Medicare to help pay for their tax cut. That means the average Medicare beneficiary will pay $3,345 more over the next 7 years in out-of-

pocket costs—$860 more alone in the year 2002.

The $182 billion in Medicare cuts is especially harsh on the elderly, the disabled and children. Average Federal and State spending would be reduced by nearly 30 percent by the year 2002, and of the children covered by Medicare, more than half live in working families.

Mr. President, under the Republican budget, the States would be forced to roll back the number of people served. I estimate that 8 million people, including children, could fall through the safety net by the year 2002. As many as 2.9 million seniors and disabled, including children, could lose access to long-term care.

From day one of this budget, I have expressed my deepest concern about the betrayal of rural America. Rural America has been sold out. Rural America became a popular fall guy for this Republican budget. What is particularly galling to this Senator is that agriculture is being asked to take such a whack once again. It is totally out of all proportion to other cuts in the budget.

Where is fairness in this budget? Farm program cuts in the Republican budget represent 20 to 25 percent in spending reductions over the next 5 years.

Agriculture Secretary Glickman warns, and I quote, ''Cuts in spending of this magnitude could be especially burdensome on those farming areas that specialize in the production of target price commodities and could reduce producer payments, incomes, and their ability to borrow.''

The Republican budget does not stop with these programs. It wraps its fingers around and squeezes the life from numerous programs vital to Americans. The earned-income tax credit was high on their hit list. The EITC, as it is commonly called, is a refundable tax credit for working families. It helps families get off and stay off welfare by boosting the value of low-wage jobs.

While the conference report folds EITC changes into the overall savings for welfare reform, the description suggests that the far more draconian Senate-passed cuts are assured. If enacted, these provisions would result in tax increases—that is right, Mr. President, tax increases—for more than 14 million families. Families with two or more children would be the hardest hit, losing $305 in 1996 alone. More than 72,000 Nebraska families will lose $110 million in benefits under this proposal over the next 7 years. They would experience an average tax increase of $230 in 1996 alone. Families with two children would lose $290 in 1996.

Mr. President, do not tell me that there are no tax increases in the Republican budget because they are there and they are real.

The Republicans are just as short-sighted about job training. The conference cut job training by 20 percent. That means that by the year 2002, 1.3 million fewer disadvantaged youths will be able to participate in the summer jobs programs. That also means that nearly 1.3 million fewer dislocated workers could be assisted in their efforts to return to productive employment.

Mr. President, let us look, too, at education. The Republican budget makes scandalous cuts in one of the greatest investments our Nation can make.

Let us start at the beginning with Head Start. Under the Republican budget, preschool children from disadvantaged backgrounds could be denied this critical service that prepares them to succeed in school. Even if Head Start was funded at the current level of the current law, over 350,000 children would be denied services over the next 7 years because the population of eligible children will continue to grow.

The same is true with title I, education for the disadvantaged. Under the conference agreement, up to 2 million children from disadvantaged backgrounds could be denied funding to help them improve basic math and reading skills. And that is even if title I programs were funded at the current levels.

We have also heard a lot about the hit on student loans. The conference agreement assumes elimination of the in-school interest subsidy for 500,000 graduates and professional students. This would cost an average graduate student between $3,000 and $6,600 more in interest payments over the life of his or her loan.

However, do not for one second believe that this is the full extent of the cut. Eliminating this subsidy for graduate students does not account for the full $10 billion cut required by the conference agreement. All students, including undergraduates, could be required to pay hundreds of dollars more for loans in the form of higher upfront fees or loss of the grace period that currently prevents interest from accruing on loans until 6 months after graduation.

Under the conference agreement, the 3.7 million college students receiving Pell grants—30,000 of them in Nebraska alone—could lose the value of these grants and see them cut dramatically. Even if Pell grants were funded at current levels, their value would decrease by nearly 40 percent by the year 2002 simply because of inflation. And student population will continue to grow over this time. Nearly half of all of the Pell grant recipients have annual incomes of less than $10,000 a year. Fairness, Mr. President? I think not.

I also want to touch briefly on impacted aid. Under this Republican budget, Nebraska school districts, with large amounts of Federal land within their boundaries, could see their operating budget shrink to unacceptable levels.

The level of funding for veterans programs and the cuts therein are an abomination. For example, the cut in VA medical funding will result in the cancellation of approximately 74 projects. These are projects which are needed for the VA to meet current community health care delivery standards. Our veterans deserve better than this Republican budget.

Mr. President, I could go through this budget function by function and line by line and program by program and prove how it hurts ordinary Americans and hurts them badly. That is what is often lost in these budget debates—the human factor. We speak in baselines. We speak in acronyms. We do not speak in terms that put a face to the budget. And I have been able to partially do that today in these remarks.

In conclusion, let me say that the face that is reflected in the Republican budget is not one of mainstream America. It is not the face of our elderly. It is not the face of our children. It is not the face of our middle class or our veterans or our working poor. It is not the face of rural America. And as one from rural America, I can assure you beyond any question that it is not the face of rural America.

The face reflected in this Republican budget is one for the privileged few, the wealthiest among us who do not have to worry about Medicare or job training or college tuition loans or crop prices or the state of care at the local Veterans Administration hospital. They are not being asked to make the sacrifice.

The others are the ones that are being asked to make this sacrifice, all for the good of the wealthiest citizens of America. They are the ones, the wealthiest, who will benefit most from this package with a $250 billion unfair tax cut. From the beginning of this budget process I have stated that the only way to balance the budget is through shared sacrifice. The only way to balance the budget is through bipartisanship. But for the past 6 months my Republican colleagues have worn blinders. They have seen only their core constituency. They have seen only their own party, which has veered dramatically to the right.

If the Republicans insist on maintaining their narrow version, they do so at their own peril and the peril for mainstream America. The stage has been set for a confrontation between the Republican Congress and the Democratic White House. I have called it a train wreck. That is an apt description.

However, if the Republicans open their eyes, they will see there is an alternative, one that will get us to the same destination and without the chaos of a Government held hostage to politics.

That alternative is called bipartisanship. I tell my Republican friends, meet us halfway, and we will create a budget that is not only a balanced one, but represents the whole citizenry of this great Nation.

Mr. President, I understand that there has been an informal agreement

that we could go next to Senator KENNEDY. And, if acceptable, I would yield to him whatever time he might need. And then following that, it would be two Republican Senators in a row, after the two Democrats, myself and Senator KENNEDY.

In furtherance of that agreement, and if there is no objection, I yield 15 minutes or such additional time as he might need to my friend and colleague from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Thank you very much, Mr. President. I want to say at the outset how much all of us appreciate the good efforts of our friend and colleague from New Mexico, Senator DOMENICI, and Senator EXON in trying to help chart responsible expenditures for our national endeavors. And I want to thank, in particular, the Senator from Nebraska for an extraordinary statement. He clearly understands these issues in fiscal terms. But I think, most importantly, he understands them in human terms. This afternoon he explained very eloquently to the Senate and to the American people the impact of these budget recommendations on the families of our great country. And I want to build on his excellent presentation.

In looking at a budget, we have to consider the bottom line in terms of the expenditures, but we also have to consider what the real impact on the families of this country is going to be. When we talk about having ''fair sacrifice'' and ''shared sacrifice,'' it is only fair to try to review, in some detail, exactly where the belt-tightening is going to come. And when we look over, as the Senator from Nebraska has pointed out, the total expenditures, we find out that it does come down particularly hard on the working families of this country, and it comes down particularly hard on the children of those working families, those that go on to our fine State schools and colleges across the country and those that go into the schools that enhance students' academic achievement and accomplishments. In addition, the burden falls on the men and women who have been a part of our great national economy and national life over a period of many years and now are experiencing, and should experience, the glories of old age with a degree of security in Medicare. Moreover, the burden falls on those who, out of necessity, are being attended to with the coverage of Medicaid.

Of the extraordinary cuts that we are going to be facing in the Medicaid program, two-thirds of the cuts are going to be from home care for the very frail and the neediest, the poorest of Americans. SSI is covered within that chunk, and the rest is in the coverage of some 18 million children. These are poor children. We are going to see significant cuts in the coverage of poor children. Half of those poor children have working parents. This gives us some idea of where the burdens are going to fall.

So it seems to me, Mr. President, as we review this budget, that there is going to be a significant burden placed on the Medicare for elderly people who have built this country, sacrificed for their children, and made America the strong country that it is.

In addition to Medicare and Medicaid, there is also a slash in the education programs that the Senator from Nebraska already discussed. There will be a significant slash in college opportunities. The Senator from Nebraska talked about the reduction in assistance for graduate students who receive loans. These students are now able to defer those loans until they get out of graduate school. We call that the in-school interest rate. The fact is, those who are going to the graduate schools will pay for it, as well as those in the colleges.

Every family should know that students will not be able to defer college loan interest while they are still in school. This ought to be a wake-up call for every family that is making $75,000 a year or less. Eighty-eight percent of all of the college loan programs go to families that are making $75,000 a year or less. Well, I have news about what this means for your family. After 10 hours of debate on the floor of the U.S. Senate, and after this legislation is passed, it is going to mean that your children, if they are fortunate enough to get a student loan, are going to pay one-third more—from $3,500 to $4,500 more—for that student loan program. Obviously, the amount rises even higher in relation to the size of the loan.

As the Senator from Nebraska also pointed out, there is a slash in wages for working families. There will be $21 billion in tax benefits for tax expenditures over the next 7 years of this program. But, the men and women who will have a tax increase are those individuals who are making $26,000 a year or less. That is why I think it is only fair, when we look at what this budget means, to do what the Senator from Nebraska has done, to see who it is going to impact adversely.

There will be an adverse impact, as the Senator from Nebraska has pointed out and the Senator from Maryland has pointed out, on working families who are making $26,000 or less a year. We have news for you: Your taxes are going up. Taxes will not go up if you are in the very wealthy incomes of this country, but they are going up for working families, and it is going to mean less in take-home pay for the worker.

It is not surprising to me, Mr. President, that this budget would come out this way, because the Republicans have resisted any increase in the minimum wage to make work pay. They have failed to say to men and women who are prepared to work 40 hours a week, 52 weeks of the year, that you will not live in poverty, which has been an age-old commitment since the late 1930's under Republican and Democratic administrations.

We have opposition to increasing the minimum wage to make it a livable one. We have an assault on the Davis-Bacon families who are averaging $27,000 a year to try to cut their wages. And now we have, on the measure that is before us, the $21 billion burden in taxes that is going to be on the working families of this country. When we look over here at this chart, we see that this proposal asks our seniors, the very young, those going to college, the working families—all Americans—if they are prepared to tighten their belts if they need to because we have a shared responsibility for our national interest that is what is called for in the name of our national interest. Why are we doing it?

The answer is right over here on this chart. It is to pay for the $245 billion of tax cuts for the wealthiest individuals in this country. This is what we are asking workers: ''Tighten your belts.''

This is what we are saying to those who want to go to college—the 88 percent of those who get student assistance who come from families making $75,000 a year or less: ''You are going to have your belt tightened; you are going to pay anywhere from $3,000 to $5,000 more over the life of your indebtedness.'' We are going to undermine higher education programs.

We are saying to families that we are going to penalize 350,000 to 500,000 young children who will not be able to go to a Head Start Program. We are going to exclude the 2 million American children who otherwise would qualify for programs that assist the economically distressed under the Title I program. We are going to slash the School-to-Work Program that was enacted and had strong bipartisan support in the Congress last year.

Finally, we are saying to our senior citizens over the period of these next 7 years, ''You are going to pay a cumulative total of some $3,200 out-of-pocket more with this Republican budget,'' if we are going to have shared cuts in Medicare between the provider and between the beneficiary. If you are a family on Social Security and retired, you will pay a cumulative total of $6,400. The average income for those families is only about $17,000.

Make no mistake about it, we will hear a lot of talk about a billion dollars here and a billion dollars there. What I am talking about here is who it is going to hit. For what? To pay for these tax cuts for the rich.

Finally, I would have thought—I am about to yield to my friend from Maryland—at least out of a sense of some decency, that the Budget Committee would have come returned to the floor and said, ''I know we have voted on the billionaires tax cut.'' What is the billionaires tax cut? It is the provision that exists in the IRS that says, effectively, that if you have made hundreds of millions of dollars over the past years, you renounce your citizenship,

take citizenship overseas, and say, ''Goodbye, America,'' and become a modern-day Benedict Arnold, you can take all of your accumulations of wealth and not pay any taxes. That is wrong.

We have already overwhelmingly voted on that issue. I would have thought that the Budget Committee, returning from conference would have said—and the House has gone on record on this—we are serious enough to indicate we are going to close that loophole, so that we are not going to have so many cuts in Medicare, education, or wages for working families. But it is not in there, I say to my friends. All that stands in there are the provisions which will provide some $245 billion for tax benefits that will go to the wealthiest individuals.

If you read, as I am sure the Senator from Maryland has, the Senate budget closely, you will notice that a measure passed the Senate that said that 90 percent of any tax would go to working families under $100,000 a year. I do not know whether the Senator from Maryland noticed, in reading through the budget, but the conference eliminated the $100,000—eliminated the $100,000. We know what is going on. We know who they want to benefit. It is the wealthiest individuals.

Why? When the Senate passes something so overwhelmingly that says that 90 percent of the tax benefits is going to go to those working families that earn under $100,000, and it comes back from conference saying it will go to working families, but they take off the $100,000, what does that say? I can tell you what it says to this Senator. It says, ''You are right; when we get our chance to cut the $245 billion, who is going to get it? It is going to pay for the tax cuts for the rich.''

Mr. SARBANES. Will the Senator yield for a question?

Mr. KENNEDY. That is what this is about. That is basically what we are talking about in these 10 hours prior to the time the Senate is going to vote, and it is going to be something that every family in this country should pay attention to.

They should pay attention today. They should pay attention tomorrow. They should pay attention to when these measures are put before the Congress in real terms, in terms of the cuts on appropriations and in terms of reflecting the budgets over the period of these next several weeks. If the American people want us to go on that path, then they should be urging all of us to vote ''yes.''

However, if the American people say, ''Hey, wait a minute, wait a minute, wait a minute. Cuts in education, cuts in our Medicare, raising the taxes for working people—for tax cuts for the wealthiest individuals? That is not what last fall was about.'' It certainly was not about that in my State of Massachusetts, and it was not about that in the State of Maryland. Maybe it was in some other part of this country. But that is not what the people of my State elected me to see done—cutting education, cutting college opportunities, cutting wages for working families, and slamming it to the retirees so that we can get tax cuts for the wealthiest individuals.

(Mr. FAIRCLOTH assumed the chair.)

Mr. SARBANES. If the Senator will yield for a question, I ask the Senator from Massachusetts—because I know that there will be an effort to defend this budget resolution on the basis that it is going to balance the budget over a 7-year period—if they did not provide $245 billion in tax cuts for the wealthy, is it not the case that we could reduce the slashes in these programs by $245 billion and still have a balanced budget?

Mr. KENNEDY. The Senator is absolutely correct. In real terms, it would say to those 18 million children—effectively a quarter of all of the children in this country that are covered by the Medicaid Program—and, it would say to the 5 to 7 million of those that are going to lose any kind of coverage under this Medicaid cut, that you still will have some coverage. What it would say to those children, half of whom are the sons and daughters of working families that are trying to make it in the United States of America, is that they would not lose their coverage. And what it would say to the frailest senior citizens, the ones absolutely dependent upon the Medicaid Program in so many instances, that they will receive assistance, and so forth. The Senator is correct. If we could take that $245 billion and say that we are not going to have those kinds of cuts in the Medicaid Program, we would say to those seniors and to those children that they are important and we are not going to balance the budget by cutting support for their significant needs.

Mr. SARBANES. If the Senator will yield further. This is an extremely important point. I thank the Senator from Massachusetts for the very effective way in which he has made the point. People must understand that the very deep cuts in these programs that are so important to them—Medicare for our senior citizens, educational assistance in order to send our young people to college, and the earned income tax credit for working families—that these very deep cuts being made in those programs in this budget resolution are not solely in order to balance the budget. Those deep cuts are being made in order to provide $245 billion that will be given in tax cuts for the people at the top end of the income scale.

There is a direct connection between the Senator's two charts, and it must be understood. A senior citizen must understand that the Medicare cuts to which they are going to be subjected are much more severe and much deeper in order to create a pot of money with which to give a tax cut to the very people at the top end of the income scale. This is a very important point because senior citizens are going to be told that this is necessary in order to balance the budget, and balancing the budget is a good thing for them. But cuts of this magnitude are not necessary to balance the budget.

So the issue that is posed by this budget resolution is the simple question: Is it more important for America that people with six-figure incomes, $200,000, $300,000, $400,000, should get a tax cut and a senior citizen should suffer a reduction in their Medicare benefits? Is it more important to give a tax break to those at the very top of the income scale and deny a young person the opportunity to go to college? That is the question that is being framed by the priorities that are outlined in this budget resolution. These deep cuts are not being made to balance the budget; $245 billion of those deep cuts are not to balance the budget; they are to give a tax break to the wealthiest people in the country.

I defy anyone to explain to me the fairness and the rationale of doing that. As the Senator from Massachusetts has so eloquently stated, you are going to have young people wanting to go to college who are going to find doing so much more difficult because of this resolution. I ask the Senator, has the forgiveness of interest on the money people borrow to go to college while they are in school been eliminated by this budget resolution?

Mr. KENNEDY. Well, effectively, it will mean that the in-school interest which was deferred until after college and after graduate school, that provision will effectively be wiped out. You recover approximately $3 billion to recover the in-school interest for graduate students. Under the mandate in the Republican budget, the only way you can make the other money up is to require those young people, the day after they get that loan, when they are going to school, to start off repaying it immediately.

Let me comment about that and I will yield further. The fact of the matter is that a year ago, even 2 years ago, when we were considering the direct loan program in higher education, our Republican friends asked us over here on the Labor and Human Resources Committee, ''After the graduation date, should we not give the students 6 months to be able to find a job so they do not take that first job just to pay back loans?'' It did make sense, and we had a strong bipartisan coalition in support of it. We overwhelmingly passed an amendment to give the college student or graduate student a very short period of time, 6 to 9 months to get that first job, deferring payment of loans during that time. And it made sense from an actuarial point of view. You are demonstrating, when that young person has the 6 to 9 months, by and large they get a better job and it is easier to pay back the loans. That is

the history of the payback of the student loan program. So, now we are going in just the opposite direction.

Our Republican colleagues persist in suggesting that this budget eliminates the in-school interest subsidy for graduate students only. But the numbers do not add up. This budget requires savings of $10.8 billion over 7 years from student loan accounts.

But eliminating the in-school interest subsidy for graduate students saves only $3 billion over 7 years, according to the official CBO numbers that govern this budget. That leaves the budget $7 billion short in the student loan accounts alone.

Where will that $7 billion come from in this Republican budget? It will come from the nation's students one way or another. Either the Republicans will eliminate the in-school interest subsidy for undergraduates as well as graduates. That would save the required $10 billion. Or students will be asked to give up the other benefits that we have fought to secure for them—on a bipartisan basis—over the last 5 years. They will no longer have the 6-month grace period in which to find a job before they have to start paying back loans. That would save $3 billion. Or they will face higher up-front loan fees and interest rates. That would save another $3½ billion.

The bottom line is that this budget assumes a $10 billion cut in student loan accounts, and the graduate student subsidy accounts for less than one third of that amount. It is bad enough that the Republicans have designed a budget that taxes students to pay for tax cuts for the rich. It's worse that they insist on hiding the ball about the true impact of these cuts on the Nation's students.

It is important to note also that the student loan cuts are only a portion of the total education cuts contained in this misguided budget. This Republican budget contains the largest education cuts in U.S. history. It eliminates one-third of the Federal investment in education by the year 2002, based on Congressional Budget Office estimates. The specific cuts are as follows:

COLLEGE AID

Cuts $30 billion in Federal aid to college students over the next 7 years.

Half of all college students receive Federal financial aid.

Seventy-five percent of all student aid comes from the Federal Government.

Increases personal debt for students with subsidized loans by 20 to 48 percent by eliminating the in-school interest subsidy.

Affects up to 4 million students a year.

Undergraduate students who borrow the maximum of $17,125 will pay an extra $4,920.

Reduces Pell grants for individual students by 40 percent by the year 2002, or terminates Pell grants altogether for over 1 million students per year, even assuming a freeze at 1995 levels.

Could increase up-front student loan fees by 25 percent, raise interest rates on student loans, or eliminate the grace period for students to defer payment on loans after graduation.

SCHOOL AID

Elementary and Secondary Education Act: Cuts funding for improving math and reading skills to 2 million children; reduces funding for 60,000 schools.

Safe and drug free schools and communities: Cuts over $1 billion in anti-drug and antiviolence programs serving 39 million students in 94 percent of the Nation's school districts.

Head Start: Denies preschool education to between 350,000 and 550,000 children.

Special education: Eliminates $5 billion in Federal support for special education services for 5.5 million students with disabilities.

Goals 2000: Denies assistance to 47 States and more than 3000 school districts helping students to achieve higher education standards.

School-to-work: Cuts $5.3 billion from initiatives to improve job skills for up to 12 million students through local partnerships of businesses, schools, and community colleges.

Technology: Eliminates Federal initiatives to develop and provide educational technology for the classroom through collaboration with private funders.

Now, that you have heard the facts, I would like to ask the Senator a question as to whether or not he would agree with me. We will hear these eloquent statements about how this glidepath for the country is moving us toward a balanced budget and that it is necessary for these college students to pay 30 percent more on their student loans, see a further reduction in the value of the Pell grants which go to the neediest children—a 40-percent reduction in that program over the life of this budget. We are going to see the indebtedness of the young people of this country increase dramatically.

Would the Senator from Maryland tell me how he would be able to convince the students in the State of Maryland who get a student loan program, how he would be able to convince them and say that what we are doing to you is increasing your indebtedness so we will have a balanced budget so that your future would be better off? Is there any logic to that rationale? I do not see it.

I do not see how we say to the young people, going back to the point of the Senator from Maryland, that we are taking the savings and putting it toward a tax cut for the rich. We are trying to say to the young people going to schools and colleges, ''Pass this and your future will be more secure.'' Someone better tell the college students they will pay 30 percent more for their loans. And the value of their Pell grant will be 40 percent less, meaning they have to borrow more. How are they better?

Mr. SARBANES. Some of them will not get an education.

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. The fact is some are on the edge now, and they need the forgiveness of the interest while they are in school in order to be able to pay their tuition.

What we have done now is knocked some students out of even getting an education. The ones who are able to go on will assume an even heavier burden.

I know an argument that will be made. They will say to the young people, ''We will be reducing the deficit over time and that is a desirable thing for you.'' I will not quarrel with that.

The fact of the matter is that these programs are being cut an additional one-quarter of $1 trillion, $250 billion, in order to give tax cuts to the people at the top end of the income scale.

If we did not do that, if we did not give the tax cuts, we would have $250 billion with which we could ease the deep cuts that are being made in these programs. Our young people would have a much greater chance to get an education.

I ask the Senator from Massachusetts, is not the loan program we are talking about, the Stafford loan program—is that what it is called?

Mr. KENNEDY. Yes, named after one of the very important education leaders from the State of Vermont, who happened to be a Republican.

Mr. SARBANES. A Republican; just to prove the point that in the past there was very strong bipartisan support for this program.

Mr. KENNEDY. The Senator is correct.

I think it is important for these families to understand something else. That is, what has been happening in the States. So often around here we say we can cut student loans because the States will make up the difference. I can say that the cost of tuition in my own State of Massachusetts—for our State schools and colleges—has the second-highest tuition rates of any State in the country, if we include the tuition and fees. Of course, there are different ways of calculating it.

When we talk about what a family is paying out, what both the students and their parents are having to do, we have seen a significant reduction, over $350 million less, in State appropriations in support our higher education system. I daresay that has been happening in many, many States.

It is important for families that care about the education of their young to recognize that when we do this today there is not any indication—maybe in some States, but by and large, the past record is not encouraging—that States will be making up the difference and assisting those needy students.

Let me ask the Senator from Maryland a question. I can remember not long ago, probably in the last 8 or 9 years, when the tuition for the University of Massachusetts in Boston was

$800. They raised it to $950. About 12 percent of all the student applications went down with that $150 increase. This happened because 85 percent of the students that go to University of Massachusetts in Boston had parents that never went to college and 85 percent of the students that went there already worked 25 hours a week or more.

These are kids trying to get an education. Hard working, recognizing the importance of education being their opportunity—150 bucks makes a big difference—and we are talking to these students about hundreds, thousands of dollars of increased indebtedness to them.

We are talking about what happens in those schools and colleges—I know that the Senator from Maryland pays attention to what happens in his State and education policy there, generally—but does the Senator not agree with me that $200 or $300 increases in tuition is big money?

When we ask the families to take on indebtedness, when they are paying a mortgage, and when we force them to pay for other things—for example, in the greater Boston area we have seen dramatic increases in the water rate to pay for unfunded Federal programs to help clean up the clean water —the families turn to us and say, ''Look, we have had it up to here. What are you doing to us? Why are you cutting back in terms of our children's future, our family's future.'' I wonder whether the Senator from Maryland does not find similar stories in his own State.

Mr. SARBANES. Mr. President, I say to the distinguished Senator, we are experiencing exactly the same problem in Maryland. The Governor of my State has indicated clearly that there is no way that the State can compensate for these cuts. So the cuts will actually fall on our young people who are trying to get an education.

The critical question before the Senate is, when we balance the budget, how will we go about doing it? What priorities are we going to set? Who will feel the impact of the affect of this balancing effort?

As the Senator from Massachusetts has pointed out very clearly in his chart, this plan cuts education, it cuts Medicare, it cuts nutrition programs, it slashes important investments in our Nation's future, it raises taxes on working people by the impact on the earned income tax credit. So the children, the elderly, and working families, are asked to bear the brunt of this deficit reduction. And then the conference agreement provides for large tax decreases for the very wealthy.

We must put those two things together. In effect, what is happening in this resolution is we are slashing all these programs for people who need them, in order to give a large tax break to the wealthy—not in order to balance the budget. If we did not give the large tax break, we would have $250 billion less in these severe cuts, and the budget would still be balanced.

It is not a matter of balancing the budget. It is a matter of slashing these important programs, in order to give large tax cuts to the very wealthy.

I defy anyone with any reasonable sense of priorities to tell me why someone making $200,000, $300,000, $400,000 a year, should get a tax cut, and a young person trying to get to college should now have to pay interest on their college loan while they are in school and not working. Or why a very wealthy person should get a tax cut, and a senior citizen on Medicare who is fighting to find the means to provide for their health care needs is going to experience a decrease in their medical services. That is the sense of priorities that is contained in this concurrent resolution, which has been made far worse in the conference than when it left the Senate. The budget was bad enough when it left the Senate. Now it has been made worse. The cuts in the student loans have been doubled in the conference.

This sense of priorities that is in this budget resolution is a disaster for America.

I very much hope it will be rejected.

Mr. KENNEDY. Mr. President, I say finally, because the hour has moved on and there are others who wish to speak, the final bottom line of what the Senator from Maryland has pointed out, it is not just older people, it is not just students, it is not just some workers, it is America's working families.

This all comes together. It all comes together for working families. It is their children that are going to be paying more out for the loans. It is their parents who are going to be paying out more for their copayments, deductibles, and for other payments that Medicare will not cover.

It is their families, their immediate families, that will find their taxes rising higher, if they are making less than $26,000, than they otherwise would have. It is their schools that will not get those incentive grants to enhance their academic achievement. It is their children in those schools that will be denied the violence and drug abuse prevention programs, to try to help those young people resist the appeals of violence and substance abuse.

This is what this issue is really about. This Republican budget is historic indeed. It is an historic attack on American working families, senior citizens, children, families, and veterans, brought to us by the same Republican Party whose policies created the huge budget deficits of the 1980's.

The Republican budget takes the bad bill passed by the Senate and makes it worse: Greater tax breaks for the rich, deeper cuts in Medicare and Medicaid, even heavier burdens for families struggling to educate their children. Americans will be paying a higher price for the impact of this budget well into the next century if these harsh cuts ever actually become law.

But, these cuts will not become law if Democrats have anything to say about it. The Republican budget deal being rammed through Congress is veto bait. It is even worse than the misguided version passed earlier by the Senate. Splitting the difference between the extreme Senate version and the even more extreme House version is a hold-your-nose compromise that is beginning to smell already. The Medicare cuts are extreme by any standard. These cuts are far deeper than any cuts that could conceivably be justified by any need to keep Medicare solvent. The Republican argument on the insolvency of Medicare is a sham.

Mr. President, I hope this measure will not be accepted. I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from the State of Washington.

Mr. GORTON. Mr. President, I am authorized by the manager on this side to yield myself such time as I may take. I point out the Senator from New Hampshire, under the previous order, is the next to be recognized.

Mr. President, do you remember that wonderful phrase that a few years ago was turned into the title of a movie, ''Only In America,'' an expression of awe and wonder? Mr. President, I think we have to rephrase it as a question of stunned disbelief. Only among Democrats, only among the few left on that side of the aisle who, as liberals, worship at the shrine of an ever-increasing Government, only among those who debate against this budget resolution is a $300-billion-plus increase in what this country will spend on Medicare described not as a cut but a slash.

Mr. President, if this budget resolution passes, not only will we preserve a Medicare system which otherwise will go bankrupt, we will spend more than $300 billion in increased Government support of Medicare in the next 7 years. Yet these last two Senators speak of cuts and slashes, deserting of our commitments.

The increase in Medicaid during that period of time will be almost half as much. It is also described as a cut, as a slash. Only among liberal Democrats, Mr. President, only among liberal Democrats is a modest reduction in a check coming to an individual from the Government described as a tax increase. But that is the way we mistranslate for the American people. If your welfare payment goes down, that is a tax hike by their description. Only among Democrats, Mr. President.

Mr. President, they are right about this. This is perhaps the most significant budget resolution to be passed by the Congress of the United States since we instituted the concept of budget resolutions. Why? Because this is the first one that gives a real and enforceable promise that the budget will be balanced. It is the goal of this process to end the time, the decades during which Members of Congress spend the people's money and send the bills to their children and to their grandchildren. That is not a policy for our

future, for those children and for those grandchildren. We propose to end that era.

Why? Because borrowing, year after year, $200 billion more than we can repay, eats into our ability to invest in our own future. It drives up interest rates and drives up job opportunities for the very people our opponents, in defending the status quo and defending those deficits, claim to be supporting but are actually oppressing. Even the promise in this budget resolution, if appropriately enforced, gives us a dividend of $170 billion for the public sector in lower interest rates on the debt we have, and in increased tax collections from a more vibrant economy which has created more jobs. And it gives far more than that to the people whom we are here to serve.

Granted, on the part of the manager of this bill for the Democrats and some of his colleagues, there is lip service given to the idea of a balanced budget, someday, long in the future—but not now and not in this way. Always in some different way.

The President of the United States, when he was a candidate, told us he would pass a balanced budget. He claimed 2 years ago to have reduced our budget deficit which he did almost entirely by increasing taxes on the American people and then is surprised this year when the tax bill comes due and at the very time it comes due, because money is taken out of our pockets, we have a pause, a dip in our own economy—a possible recession caused by those tax increases.

Earlier this year, the President was not interested in a balanced budget at all. More recently, he has come to feel it is appropriate. But not now and not in this way and not with valid figures.

We say it is time. The time is now and this is the way. Some of us will say, as we often do in many bills here: This bill is not perfect, but it is the best we can come up with. Mr. President, I guess I do not think it is perfect. It is not exactly what I would have written or the direction I would have gone. But that is absolutely irrelevant. There are 100 of us here in this body, each with a different point of view, and none of us with an absolute certainty as to what perfection is. But what this is is the reaching toward a goal. Perfection is not our goal, a balanced budget is. This budget will lead us to that point and in doing so, will allow more money to remain in the pockets of the American people, will create more jobs for them, will lower the interest rates on their homes and, not at all incidentally, lower the interest rates on those student loans we have heard so much about—undoubtedly by considerably more than whatever the changes in those loan policies may well be. A balanced budget is a concrete goal. A balanced budget is what we will reach if we pass and enforce this budget resolution.

In doing so, yes, Mr. President, we will lower taxes on the American people. Only over there on that side of the aisle, Mr. President, is a $500 family tax credit for any person who makes enough money to pay $500 in income taxes described as a tax break for the rich. Only over there is someone who pays any income tax at all and gets a break under this proposal—rich.

The people whom we serve will be surprised to learn how many of the wealthy there are who presumably are on the dole of these tax reductions. And I guess, Mr. President, that is the single worst element of this proposal from the point of view of those who love the status quo and love the Government we have today. The thought that an American—any American—might possibly be allowed to keep any additional amount of what they earn is the worst possible policy from their point of view because they believe the Government ought to be spending that money, and we do not. That is the difference between us.

Mr. President, this is a budget resolution that will build America. And this is a budget resolution which I must say is a tribute to the senior Senator from New Mexico, the chairman of the Budget Committee. New Mexico's inestimable gift to the U.S. Senate, my friend, the friend of the Presiding Officer, who, with a tremendous commitment to the future of this country and a patience which I know that I could not match and a willingness to listen to different points of view, both reasonable and unreasonable but never abandoning the goal of a better America, an America which stops sending its bills to its future, has led us to a budget resolution which will reach that goal.

I want to say in conclusion, Mr. President, that I hope this budget resolution passes with a large majority. But large or small, it will make for a better country, and its passage will be a magnificent tribute to its author, the senior Senator from New Mexico.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I understand Senator GREGG is going to follow with his remarks for as long as he wants to and then we have another Senator on our side ready. We will go back and forth. I will have to leave the floor for a little while.

I say to Senator GORTON, let me just thank you for those remarks. I appreciate them. I want to say frankly to the U.S. Senate, while everyone will be here to participate in this victory, that our system puts a special burden and a special responsibility on committees. And every now and then a committee has an opportunity to do something very, very sensational, or fall back into a quagmire of making excuses, or let us do it like we have always done it. But this Budget Committee is made up of a group of veterans and a group of newcomers, two of whom are on the floor, Senator GORTON is here, and Senator GREGG is here. They did an excellent job. I mean they did not flinch. They voted for tough, tough things because they had a goal and they wanted to achieve it.

I want to thank Senator GORTON for his participation, as well as all the other members.

Let me say to Senator GREGG that I asked him early on to head a task force on the toughest part of this budget. How do we fix in some meaningful way the rampant growth of entitlements led by the two health care programs, but not exclusively. And he worked for well over 2 months with exciting ideas, and difficult challenges. You came up with some very, very rational reasons, and we followed them ever since.

So I thank him for that. I am sure the Senate looks forward to his remarks. He has a wonderful way of showing what reality is instead of letting those who would be against everything show it their way. I hope the Senate and the people pay attention to his analysis today.

I yield the floor.

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Hampshire.

Mr. GREGG. Mr. President, first I want to thank the Senator from New Mexico for his very generous comments, and join the Senator from Washington in exalting the efforts of the Senator from New Mexico who has for the first time in 25 years been able to put this country on the right track. Passing a balanced budget resolution is an amazing event. But, more importantly than that—and I know that this is what the Senator from New Mexico has kept his energies focused on in this area, and has kept us all focused on the goal—it is a great gift to our children and to the next generation. The Senator from New Mexico has a few, and also has a few grandchildren.

It was because of his concern about their future and the fact that he has been for many years fighting the battle of making sure that we do not pass on to our children and our grandchildren a Nation which is bankrupt, that he has kept this committee and this Congress focused on the end line. The end line is to produce a budget which gets to balance, and as a result reduces the burden of debt which we are passing on to our children.

So, once we pass this budget—which I am sure we will—and once we institute its recommendations, it will be a tremendous gift, which really will have been because of the author of and the wrapper of, and which we will be passing on to our children as a result of his efforts. I thank the Senator from New Mexico for having given us all this leadership in this area.

I also would like to pick up on a comment that was made by the Senator from Washington because he is a pretty astute observer of this. He sort of alluded to the fact that we just heard a presentation from the Senator from Massachussetts and the Senator from

Maryland which essentially said, if you would argue it properly, they were presenting the philosophy of the liberal approach to Government, sort of the philosophers of the left, so to say. It is their belief that Government must always grow and must always expand.

I think their real outrage comes from the fact that we are contracting the size of Government. We are saying that really it cannot be allowed to constantly grow and expand beyond the ability to pay for it. And that as we contract the size of Government we are going to return some of the benefit of the contraction in the size of Government, or at least its rate of growth—we are never going to actually downsize it, but the rate of growth—return some of the benefit of that to the people through a tax break. It is sort of like prying money out of the hand of someone who is at the door of death, the liberal philosophy being at the door of death in my opinion, to try to get them to give any money back to the American people through tax cuts.

That is what we are proposing. Think about it in the context of what these tax cuts are. They represent two-tenths of 1 percent of the total spending that the Federal Government will undertake over the 7-year period. We are going to spend $12 trillion over the next 7 years. We are talking about cutting taxes $245 billion. Yet, you would think that we were exercising a scorched earth policy against the actions of the Government by instituting that sort of really rather minuscule return to the American people of their benefit. Is this going to flow to the wealthy in America? First off, the resolution says it is not. The resolution says the tax cuts shall flow to the working people of America. And that is pretty obvious.

We are talking about primarily the biggest tax cut being a benefit for the working families, people with kids; a $500 tax credit to people with kids. Now, sure, a lot of wealthy Americans have kids. A lot of middle-class Americans have kids. A lot of lower-income Americans have kids. I suspect if you were to line all those kids up and put them on a scale, you would find that the number of kids of the middle class and working Americans far exceed by a factor of millions, I suspect, the number of kids of the wealthy Americans.

So, by definition, the vast majority of this tax cut is going to flow to just plain working American families that have children. That is where it is going. And is it such an outrage to take two-tenths of 1 percent of the spending that is going to occur over the next 7 years and say we are going to rebate it to you, the American people? Well, it is, if you are a liberal, because, basically, if you are a liberal, you believe you own that money, and you should not give it up. We own it, if you look at it from a liberal prospective. We should design the programs to tell you how to run your family.

Well, what we are saying is let us let the American people have the money and manage their own families a little bit, have a little bit more money to manage their own families rather than have the Federal Government tell them how to run their families and how the money will be spent. This whole tax cut issue is really a lot of smoke from the other side both on substance and I think on policy also.

I wanted to focus a little bit today on some other issues because we have heard a lot about how we are slashing and cutting Medicare and Medicaid and we are raising defense spending, and I have not heard too many numbers that have defended that in real terms because they cannot, if you look at the numbers.

The fact is that if you take a freeze baseline—I think that is the only way to do it honestly—you say what are we spending today on Medicare; what are we spending today on Medicaid; what are we spending today on defense. Let us say it was $100 today. Two years from now, are we going to be spending $102 on these programs, or are we going to be spending $98 on these programs?

That is an honest way of evaluating whether or not spending is going up or coming down. None of this current services baseline, none of this assumption baseline. It is what you actually take out and put on the table in the way of dollars for these programs. That is what counts for whether or not it goes up or it goes down.

If you look at those numbers—like everybody else in this institution, I only function now with charts—you will see that over the 7-year period, Medicare spending, off the current baseline of a freeze, which would be $176 billion, goes up $349 billion. That is new dollars that we will be spending on Medicare over the next 7 years over what is being spent this year.

Medicaid spending under this budget goes up $149 billion over the next 7 years over what we are spending this year. Defense spending goes down—this number happens to be wrong; it has been reestimated—$13 billion over the 7-year period.

So this representation that we are somehow slashing Medicare, slashing Medicaid, in order to raise defense spending is absolutely false. There is no other word for it. It is false. The fact is Medicare and Medicaid spending are going up, and this chart shows it in a bar graph. This is how much Medicare spending goes up. This is how much Medicaid spending goes up. And as you can see, it is a very sizable portion. Medicare spending is going up almost—well, better than twice Medicaid spending, but Medicaid spending is going up better than 149 times what defense spending is going up because defense spending is not going up; it is going down. And so let us have a little integrity around here when we start talking these numbers.

Some other numbers that I think are important are how these spending factors that we undertake over the next 7 years relate to the past 7 years, because we have heard a lot about how we are cutting Medicare, we are cutting Medicaid, and we are increasing defense.

Well, if you look at it in relationship to the last 7 years, defense spending was $2.02 trillion over the last 7 years. Over the next 7 years, it is going to be $1.88 trillion. We will spend less on defense over the next 7 years than we spent on defense in the prior 7 years.

Remember, there is no adjustment for inflation in here. That means defense is going down in hard dollars. It means defense is going down, if you look at it in inflationary dollars, even more. So defense is going down in comparison to the last 7 years.

If you look at Medicaid spending and compare it to the last 7 years, over the last 7 years we spent $445 billion in Medicaid. Over the next 7 years we are going to spend $772 billion on Medicaid, almost twice the amount of money we spent in the last 7 years. So we are dramatically increasing the amount we are spending on Medicaid.

If you look at Medicare, Medicare spending over the last 7 years was $923 billion. If you look at it over the next 7 years, we are going to spend $1.6 trillion or 73 percent more than we spent in the prior 7-year period.

How can you define that as a cut? There must be some new math that I did not learn when I was in school that you get if you go to certain schools in this country which could define an increase of 73 percent as a cut. Not only is it not a cut, it is a substantial increase.

Why are we doing this in the Medicare accounts? I think we have to understand that this budget resolution accomplishes a couple of very significant public policy events.

No. 1, of course, is it balances the budget for the first time in 25 years, which is absolutely critical to our children. We hear a lot of talk about children and concern for the children. I do not think there is any question that everybody in this institution is genuinely concerned about our children and their future and how we address them. But I cannot think of a single thing that is more important relative to our children's future than to be able to give them the opportunity to have a prosperous lifestyle. And whether or not you have a prosperous lifestyle depends on how much debt you have to pay.

It works that way in your home. If you run up a big debt and you have to pay it off, you are basically going to have a lot of trouble doing that. You are going to have to work hard, and you are probably going to work longer hours and you are probably going to find that you are able to keep less because you are paying off a big debt. This country is passing a big debt on to its kids, and unless we get this budget under control, it will get a lot bigger.

So the most significant thing this resolution does is it improves the opportunity for our children to have a decent and prosperous lifestyle, and that, I believe, is the largest gift of all, as I said earlier, and will far outweigh some of the negatives that were alleged will occur from the other side, which I do not agree to anyway. But even if you accepted them on face value, they are far outweighed by the positive of balancing this budget for our children's future.

Second, what this budget does is that, in driving this Government to be fiscally responsible and managed in a way that we can afford it, we are taking a hard look at all the major programs that are in this institution. And a lot of them were created with good intentions, but they have not worked. The classic example, of course, is welfare. No program has had a more disastrous track record than welfare considering the amount of money that has been spent on it. I am sure there are more disastrous programs, but in relationship to the amount of dollars spent on it, it would be hard to find.

The fact is what this budget does is assumes that we are going to take the welfare system and improve it substantially, basically by putting it back in the control of the States that have the imagination and flexibility and the originality to create new and aggressive programs, and the Governors are excited about the opportunity. I can tell you, as a former Governor, they will deliver a heck of a lot more dollars to the recipients that need it by having flexibility than by having a huge bureaucracy on their back. So we are going to reorganize welfare.

We are also going to take a hard look at the other entitlement programs, all of them, but the one entitlement program that needs the most scrutiny because it is the most sensitive and it is the most critical right now is Medicare, because the trustees of the Medicare trust fund—and this is not a Republican group; in fact, four of the six trustees are members of this administration, including the Secretary of HHS and the Secretary of the Treasury—the trustees of the Medicare trust fund have said that if something is not done to correct the fundamental financial situation or imbalance of the trust fund, it will go bankrupt in the year 2002.

This is a chart that reflects that. This is where we are today, and this is where it goes—bankruptcy in 2002 for the trust fund.

What are the practical implications of that? The practical implications are that there will be no insurance program for seniors in the year 2002. And so what does this budget proposal put forward? It puts forward ways in which we can effectively address that issue and bring under control the rate of growth of the Medicare trust fund so that we can afford it, and so that it will exist and work well for our seniors.

It does not assume that seniors will get less care. It actually assumes that seniors will get more care. They will get more care because we will give them more options; we will give them more choices. And in the process, we will, hopefully, move them from a fee-for-service system into fixed-cost systems which can deliver high quality care but for costs which are predictable.

Are we talking about cutting the Medicare trust fund to do this or cutting Medicare spending to do this? No. As I mentioned earlier, we are talking about increasing it rather dramatically, $345 billion of increase over the 7 years. And what does that work out in this inflation factor? It works out to the fact that today the Medicare spending is growing at 10.5 percent.

What we are talking about in this resolution is accomplishing a rate of growth that is basically 6.4 percent. Mr. President, 6.4-percent rate of growth. That is what we are assuming for the Medicare spending under this resolution. Is that a cut? Only if you function under the liberal new math. Under any reasonable math, even moderate math, a 6.4-percent annual increase is still an increase in spending and it a very substantial increase in spending. In fact, it represents twice the rate of growth of inflation. That is the commitment we made in this budget. And it is a significant commitment to our senior citizens, and it will, we believe, produce a budget which will be in balance.

Now, there has been some discussion about a couple other issues I wanted to touch on quickly. That is the education issue. There is a representation, if you were to listen to the earlier colloquy between the Senators from Maryland and Massachusetts, that all students everywhere will be impacted adversely by this resolution. Well, I think maybe they are not up to speed on what the resolution does.

The resolution does say that graduate students will be impacted, but undergraduate students will continue to have their programs and have them pretty much the way they are today. Graduate students, yes. They will be asked to pay the cost of interest on their loans after they graduate from graduate school. Their interest on their loans will accrue while they are in graduate school, which they do not now.

What does that mean? Well, it basically means John and Mary Jones working at the local diner, 60 hours a week to try to make ends meet, will no longer have to subsidize the guy who is going to law school and his graduate loan and the interest on that graduate loan. It means that lawyers, in fact, they will still be subsidizing them to some degree but that person going to law school will, when they get out of law school, because their earning capacity will be significantly increased, be required to pay the burden of the interest that was accrued on that loan. I think that is fairly reasonable.

Yes, we should maintain the programs for undergraduates. I believe they should keep undergraduates free from the interest cost during the period they are in school. But for graduates, I can see no legitimate reason for not requiring them once they get out of graduate school, where they have increased their earning capacity dramatically, to pay back that interest. Because, after all, if we do not do that, what we are basically doing is transferring to our wealthiest Americans, the graduate students, from our moderate- and middle-income Americans' tax dollars, something that there appears to be outrage about over the tax cut. It does not clone that direction as mentioned earlier. But it seems to be acceptable relative to graduate students from that side of the aisle, this income transfer, from hard-working Americans to people who are clearly going to be quite wealthy once they get out of the graduate schools, whether it is law school or medical school or whatever.

So that is, I think, a bit of a specious argument to begin with. But second it is specious because it ignores probably the most underlying positive event which this balanced budget amendment is going to generate for all Americans, not just for the Federal Government; that is, the fact that all the economists that have looked at this, including CBO, have said if we put in place a budget which balances the Federal budget over the next 7 years and does it in real numbers, with real terms, as this one does, that there will be a drop in the interest rates in this country of 2 percent. A 2-percent drop in interest rates is a huge benefit to homeowners, to people who are borrowing on their credit cards, people who are buying cars, and equally people who are going to graduate school. And I suspect just that the percent drop will more than pay for the cost of incurring the interest in later years or will certainly pick up a significant proportion.

So, I do not find this argument to be very persuasive. Good politics, which unfortunately appears to be a big part of this debate, but not persuasive on the facts as is the argument that there is a Medicare cut here which is maybe good politics but is inaccurate and clearly not true on the facts.

Now, the President presented a budget in this process also. The President has presented a number of budgets. The first budget was out of balance by $200 billion a year or $1.2 trillion over 5 years. And then he came forward and presented a second budget, just a little while ago. And that unfortunately came forward, scored by his own folks on the basis of his own numbers, something that he said he would not do, not scored by CBO. And when it was scored by CBO it turned out that budget was also out of balance by about $200 billion a year for essentially as far as the eye could see.

But I want to congratulate the President. I think he has stepped on the playing field, finally. We have had a second effort here in June. And basically he has gotten involved in the process where he was not before. His first budget was clearly a walkaway from the budget process. Sort of a Pontius Pilot approach to the budget, just washing his hands of it. But this budget is not what he presented. Granted, CBO has scored it as a budget which does not get to balance. But when it was sent up it was sent up with some very basic assumptions which I think are good assumptions and good intentions.

First, he has agreed we need to get to a balanced budget. His timeframe is 10 years. Ours is 7. I was interested in the Senator from Massachusetts's discussion of this issue. I was thinking that if we were to accept the President's budget, the Senator from Massachusetts would have been here—I am sorry I did not have a chance to ask him this—would have been here for 45 years before we get to a balanced budget, if I calculate right, since 1965. In any event, it is a long way away, but at least we agree it is a balanced budget.

Second, he has stated that we need Medicaid and Medicare reform. That is important. Because you cannot get to a balanced budget unless you address the issue of Medicaid and Medicare spending.

Third, he has agreed we need welfare reform. He not only agrees to it, he was the primary mover in this area. I give him credit for coming out early and aggressively to do something in the area of welfare reform, and hopefully we can accomplish it. So those are three areas of agreement.

Fourth, he has agreed that other entitlement programs have to be addressed and discretionary spending has to be addressed and in the budget he sent up he had some good numbers in those areas.

And fifth, he has proposed a tax cut. Less than what is in this budget but still a tax cut so it recognizes the need to flow dollars back to the people as we address this issue of balancing the budget.

So, on five major points, five major points, we are basically in agreement, and the question comes down to dollars and timing. I think there is an area for significant action here.

For example, in the Medicare, for all the slashing and cutting that we are alleged to do from Members on that side of the aisle in the Medicare accounts, I would point out if you compare the President's number to our number, in outlays—that is really the only honest way to do it—you take out all the assumptions, and the President's number is only $11 billion off from our number each year in a program that is spending hundreds of billions of dollars. Not really a very significant difference in the sense of coming to agreement. Significant difference? Yes. But a difference which is clearly manageable—Mr. President—$11 billion on accounts which spend hundreds of billions of dollars. So the President's numbers and our numbers are pretty close.

On Medicaid it is even closer. The President's outlay numbers are only $9 billion different from ours. On some of the other entitlements, welfare, for example, $10 billion of difference from ours. Those are numbers that are very close. And I think they are numbers that can be resolved. And so the President has come forward with a budget which basically agrees philosophically with five of the points we have been raising: First, you need to get to balance; second, you need to address Medicare and Medicaid; third, you need welfare reform; fourth, you need to address the other entitlements in discretionary accounts; and, fifth, you need a tax cut. Which is what our budget does.

And then his numbers in the key accounts, which are the entitlements accounts, are clearly in striking distance of our own numbers. So it seems to me there is an opportunity there for significant action to reach accommodation and reach agreement. Which brings me back to my original premise, which is that this budget is a no-nonsense, make-sense budget about how we get to balance and delivers to our children the opportunity to have a country which has some prosperity and hope for them.

The President, from his presentation, appears to also understand the need for that. I hope that the Members on the other side of the aisle would agree with the President's view and agree that these goals are what are needed and agree that these numbers are places he can start, because as we go over to the appropriations and reconciliation process, maybe we can reach the accommodations necessary to deliver to our children this gift which is so critical, a balanced budget.

I thank the President, and I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Mr. COVERDELL). The Chair recognizes the Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I give 15 minutes of our time to the distinguished Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the Senator from New Jersey, and I thank my colleagues.

Let me first say that a balanced budget should be our goal. In fact, I offered an alternative budget resolution during debate on the budget in the Senate that balanced the budget, and did so by 2004, without counting Social Security surpluses, and did so with a different set of priorities contained in the budget before us today.

I think it is fair to say that the Republican budget resolution before us today is a fraud. Over and over, we have heard it stated on the floor of the Senate and in the news media that they have balanced the budget. Apparently, nobody has bothered to look at the budget resolution, because if you look at the budget resolution, you find out they have not balanced the budget. Here it is. Here is the conference report that we are debating today, and on page 3 of conference report, under ''Deficits,'' it says:

> For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

And we go to the year 2002, in which they are claiming they have balanced the budget. Do you know what one finds? It is the dirty little secret of this budget. There is not a zero by ''deficits'' in the year 2002. That is what we would have if they balanced the budget. It does not say zero. It says the deficit in fiscal year 2002 is $108.4 billion. That is not a balanced budget. That is not within hailing distance of a balanced budget. That is a budget that is not anywhere close to balancing, a $108 billion deficit in the year 2002.

How is it the Republicans claim they have balanced the budget? They claim it because they are looting and raiding the Social Security trust funds of every dime of surplus that is in those accounts. That is their plan. That is what they have in mind for America, to take every penny, every dime of the Social Security surplus, more than $600 billion over the next 7 years, take it all, spend it on other things, use it to give tax cuts to the wealthiest among us. That is the plan that is before us. It is a giant fraud. It is a huge hoax. That is what is before the American people today.

This is the biggest transfer-of-wealth scheme ever in the history of this country. They are going out there and taking money from people from their payroll taxes—and by the way, 73 percent of the American people pay more in payroll taxes than they pay in income taxes—and they are taking that money from them on the promise that it will be used to fund their Social Security retirement.

That is not what they are doing. They are taking that money and they are spending every dime of the Social Security surpluses. Just in the year 2002, they are taking $108 billion of Social Security trust fund surpluses. They are using that to spend on other parts of the budget, and they are using it to give giant tax breaks to the wealthiest among us. That is their plan.

If the American people are hoodwinked on this one, at some point they will find the bill coming due, because last year the Entitlements Commission told us precisely what will happen if such a plan goes forward. We will face either an 85-percent tax increase or a 50-percent cut in benefits in order to fund those entitlement programs, because it does not add up.

Mr. President, this Republican budget is a monument to misguided priorities. It is unfair and just plain wrong. There are draconian reductions in Medicare, Medicaid, education, agriculture,

and public investments that benefit average Americans. And why? So they can give massive tax breaks to the wealthiest among us.

This budget, make no mistake, is a return to trickle-down economics. It gives the wealthy a massive tax reduction and asks the middle class to pay the bill. One middle-class program after another is reduced in order to finance a tax break for those that have the most.

For example, the Republicans are reducing Medicare $270 billion over this 7-year period; Medicaid by $182 billion. Make no mistake, rural hospitals all across America will close. I have dozens of such hospitals in my State. I have talked to the administrators. I have asked them the effect of these budget plans, and they have said to me, ''Senator, we will close our doors. We will have no option.''

Our Republican friends say they are for welfare reform, they want people to work. They are right about that, people should work. But with the budget cuts that they have outlined, people will not be working. The Congressional Budget Office told the Finance Committee, under the Senate Republican plan that 44 of the 50 States in this country will not have a work requirement. They will not be able to have a work requirement. They will be better off taking a 5-percent penalty and not having any work requirement in 44 of the 50 States of this country because there will not be enough funds for child care and for job training. What a fraud, but the wealthy will get their tax cut.

The Republicans take domestic spending, spending in this country on infrastructure, spending on education, spending on research and development—the very things that are critical to our future—and they cut those $190 billion below a hard freeze.

In the budget plan I offered, we froze those programs for 7 years. Their program cuts $190 billion below a freeze, tough, harsh cuts in education, in infrastructure and research, in the things that matter to the future of our country, but the wealthy will get their tax cut.

The Republican budget agreement also makes draconian and drastic cuts in agriculture programs. Many people do not understand agriculture outside of the heartland of the country. But I tell you, our farmers work every day competing not only against the French farmer and the German farmer, but against the French Government and the German Government, and this budget signals unilateral disarmament; we are going to give up in this trade battle; we are going to leave that playing field to our European competitors; and we are going to back away from one more market where the United States has been dominant; we are going to raise the white flag of surrender in this trade battle and give up these agricultural markets.

Make no mistake, that is precisely what is going to happen under this plan.

Middle-class program after middle-class program will be devastated, but the wealthy will get their tax cut. Those priorities do not make sense, and they certainly do not benefit the middle class. The tax cuts that our friends have in mind are tax cuts that benefit disproportionately those who are the wealthiest among us.

This chart shows an analysis of the House plan. We do not yet have the Senate plan. The House plan is very clear in terms of who benefits from the Republican tax bill. If you are a family of four earning over $200,000 a year, you get an $11,000 tax break. If you are a family of four earning $30,000 a year, you get $124. That is 100 times as much to the family of four earning $200,000 as to the family of four earning $30,000. That is the Republican idea of targeting tax relief: Give the crumbs to the middle class; give the cake to the wealthy. That is the Republican plan that is before us today.

This budget resolution is nothing more than a repeat of the failed trickle-down economics of the 1980's. We learned a lesson in the 1980's that some have forgotten. We learned then that wealth does not trickle down, it gets sucked up. That is precisely what the plan before us today will do: Big bucks for the big guys and crumbs for the middle class. That is the plan that is before us.

I say to my colleagues and friends that if these policies are enacted, we will witness an even larger redistribution of wealth than the one that took place in the early 1980's. I remind my colleagues what happened. From 1983 to 1989, the last time the Republicans had control, this is what happened to growth in financial wealth in this country. The top 1 percent got 66 percent of the increased wealth in that period—the top 1 percent got 66 percent of the increased wealth. The bottom 80 percent—the vast majority of the people in this country—went backward. They saw their wealth reduced by 3 percent.

Mr. President, the Republican commentator, Kevin Phillips, had an interesting comment on National Public Radio several weeks ago. He said:

> If the budget deficit were really a national crisis . . . we'd be talking about shared sacrifice, with business, Wall Street, and the rich—the people who have the big money—making the biggest sacrifice. Instead, the richest 1 or 2 percent—far from making sacrifices—actually get new benefits and tax reductions.

That is the plan that is before us—an enormous transfer of wealth, from the middle class and the lower income people to those who are the highest on the income scale in this country. That is not fair, that is not right, and that is not an economic plan for the future of America.

During Senate debate on the budget resolution, I and a number of my colleagues offered an alternative balanced budget, one that balanced the budget by the year 2004, without counting Social Security surpluses. And we had much different priorities. Yes, we reduced the rate of increase in Medicare and Medicaid, because that must be done—but not in the draconian fashion contained in this budget resolution.

We also had reductions in the rate of growth for nutrition programs, and others—but not the draconian reductions that we see here. We were able to do that by going to the wealthiest among us and asking them to participate in a plan to restore America's fiscal health. Shared sacrifice; everybody has to play a part. That is the American way. That is the way we ought to do what needs to be done.

Mr. DORGAN. I wonder if the Senator from North Dakota will yield for a question.

Mr. CONRAD. I am happy to yield.

Mr. DORGAN. I appreciate it. I have been watching some of the discussion. I have noticed several Members of the majority side nearly breaking their arms patting themselves on the back in the last hour or so because they say they have brought a balanced budget to the floor of the Senate. I noticed in the press conference at which they unveiled it, they said they kept their promise, ergo, a balanced budget. I notice the press reported that they had brought a balanced budget to the floor of the Senate. Then I notice on page 3 of the document before the Senate, the very chart that I think the Senator from North Dakota has, Senator CONRAD, where it says ''deficits,'' it appears they have been patting themselves on the back too soon.

The Senator from North Dakota is saying, is he not, that there are no balanced budgets in 2002? In fact, this budget resolution would leave a deficit of $108 billion in the year 2002; is that correct? And, if so, why is everybody patting themselves on the back and claiming that the budget is in balance if on page 3 it says it is not in balance, that it is $108 billion short of balance in the year 2002?

Mr. CONRAD. The Senator is exactly right. I think they are hoping nobody actually reads the document. So far, they have been wildly successful in that. The news media have not bothered to read the source document either. If they do, they will see under ''deficits'' in the year 2002, it does not say zero; it does not say they have reached a balanced budget. It shows a deficit of $108 billion in the year 2002. That is because they have looted every penny of the Social Security surplus trust funds during this period.

The PRESIDING OFFICER. The time yielded to the Senator from North Dakota has expired.

Mr. CONRAD. I yield the floor, Mr. President.

Mr. LAUTENBERG. Mr. President, we will yield to the Republican side now, despite the fact that we had only

one Democrat speak after two Republicans in a row. But we have a distinguished friend on the other side, Senator GRASSLEY from Iowa, who wishes to speak. I now yield so that the Senator can use some of his time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself 20 minutes.

The PRESIDING OFFICER. The Senator is recognized for 20 minutes.

Mr. GRASSLEY. Mr. President, I do not want to engage the Senator from North Dakota because I want to make my remarks and run to a meeting that I have to have. But I want to make this point in his presence, and we can argue about it at a later time. What he said I am not going to say is inaccurate because he has the documentation for what he said. But he spoke about our document and our claim of a balanced budget as being a fraud on the American people. We can accept that judgment if he is willing to say that if we had the President's document as a final document before this body to pass as the budget resolution for this year, with the claim that the President balanced it in the year 2005, which is 3 years longer than ours, the Senator from North Dakota would have to say that the President's budget is a fraud on the American people, because the document that we have before this body, that we correctly claim will balance the budget by the year 2002, uses exactly the same accounting procedure that has been used in this body by both Republicans and by Democrats when they were in the majority. It would also be used by the President of the United States in saying he had a balanced budget.

The President would use the same approach that we used. The fact of the matter is that our document is not a fraud. Our document balances the budget by the year 2002. And except for the fact that the President of the United States uses OMB numbers instead of CBO projections for the future, I would have to say that the President balances the budget by the year 2005. Therefore, the President's document is not a fraud and our document is not a fraud.

I hope that if the Senator from North Dakota is going to say that the way we do business and account for the balance is a fraud, he would be willing to say that the way the President of the United States did it as well was fraudulent. But the fact is that we are balancing the budget. We are balancing the budget because the United States people have finally sent a very clear message to the Congress of the United States that it is morally wrong for this generation to live high on the hog and to let our children and grandchildren pick up the bill.

Now, most of the debate behind the desire to have a balanced budget in this body is going to be based solely upon the public policy that it is good economics to have a balanced budget. And I agree with those statements. But I think that the main reason we should balance the budget is because for one generation we had anything we want through the Federal budget because of the bottomless pit of borrowing and that is not right. I do not believe it was ever right.

Obviously, it got into the thinking of public servants that there was nothing wrong with one generation living off future generations.

We are finally going to be able to put our house in order so that after the year 2002, we are going to be able to pay our own way. Then future generations can have a better life. They will not be saddled with the high interest and the high debt. If we did not change business as usual in this country on fiscal policy, future generations would be facing tax rates in the high 80 percent to pay for the debt that we have loaded on them.

If any Member wonders whether or not we can have a great future without borrowing to the extent to which we borrow, $4.9 trillion, just think, for the first 165-year history of our country, except for the years you classify as war years, our forefathers were able to show surpluses in budgets of the Federal Government 3 out of 4 years.

So the economic philosophy that has come to dominate public policymaking in Washington, DC, that somehow we had to have a deficit to have prosperity, that does not square with the practice of our forefathers who lived within their income and still built a strong, viable economy and a society that was strong.

The moral arguments for this budget are very, very strong, I think the overriding reason for victory that the balanced budget brings.

One other comment that is somewhat a reaction to what has been said on the other side of the aisle about the tax cuts, most importantly about the hogwash of the tax cuts going to the wealthy. I think they express those points of view because there is not an appreciation of what $500 per child in the pockets of middle-class Americans can do for the families of America and what it can do for the economy.

Maybe there is not an appreciation by the limousine liberals of America of what $500 means to a family because the philosophy on the other side of the aisle, quite frankly, is that somehow all the resources of this country belong to the Government, that we let, somehow out of the goodness of our heart, a certain amount of money be given by the Government to the families.

That is all wrong. Everything belongs to the families and the workers of America. Under our constitutional system, people might give up some of their resources to Government through taxes to exercise certain functions that can be done by Government for the good of all of society.

In the last 30 or 40 years, the concept of tax expenditures has crept into our policymaking here in Washington. We say that the deduction for children is a tax expenditure. We say that the tax deduction for interest on home mortgage is a tax expenditure. We say this or that which you can subtract from your income tax is a tax expenditure.

Well, a tax expenditure implies that Government owns all the resources of this Nation and we might expend some of the money back to the families to keep.

We can complain about high taxes and $500 tax credits for families on the other side of the aisle very easily when you start with the concept that every penny made by the working families of America in this country belongs to the Government and Government is going to let the families keep something. That turns good reasoning on its head.

We, on this side of the aisle, accept the premise that all the resources of this country belong to the families and the workers of America and that we, Government, ought to only take from those families what is legitimately needed to exercise the legitimate functions of Government.

That is why on the other side of the aisle they can make light of and maybe even make fun of a $500 tax credit per child.

I want to commend the chairman of the Budget Committee for his hard work in reaching this budget compromise. I want to say it this way so the American people out there, cynical about one person any place in American society maybe can make a difference—and I believe one person can make a difference. I believe that any one person, any place, regardless of their station in American life, can make a difference if they want to. Our society and our system of government allows that to happen. And each person that says they cannot make a difference belittles their contributions that they can make and underestimates their contribution that they can make to American society.

That is true in this body, as well. One person can sometimes make a difference. I think that Senator PETE DOMENICI's desire to have a sound fiscal policy for this country and to work to a balanced budget has made a difference, just because of the single individual of Senator DOMENICI. I think I can hold him up as an example, when people are cynical about an individual in Congress making a difference, that we are going to have a balanced budget in the year 2002 because of 1 person out of 535 in this Congress. Maybe I ought to say at least of the 100 Members of the Senate, because Senator DOMENICI of New Mexico, chairman of the Budget Committee, made a difference.

I suppose, as the Senator from Washington said about an hour ago, everybody cannot have everything that they want in a balanced budget. You can have everything you want when you can borrow unlimited amounts of money to pay for it. But the principle of a balanced budget, for the first time

in a generation, dictates that you cannot have all your desires. It dictates the establishment of priorities within Government. It also dictates that every Member of this body cannot have everything they want in a budget.

I, too, like the Senator from Washington, can find parts of this conference report that maybe I do not like. But we cannot lose sight of its singular accomplishment that it balances the budget in 7 years.

This balanced budget will mean that our children and grandchildren will have a better tomorrow. This resolution will also help working families today with lower interest rates and better wages because of the increased productivity that is going to come from it.

It is for these reasons that I intend to vote for this conference report.

While the Congress has produced a balanced budget for the benefit of our children, I want to note by contrast, that the administration has still failed to provide a plan to achieve balance.

Last week I spoke on the floor, urging the administration to provide the additional spending cuts necessary for their new budget proposal to achieve balance. And I urged them to do what the President said he was going to do in February 1993 in his first budget resolution, to use the Congressional Budget Office's economic projections.

As is well known, CBO has stated that President Clinton's budget proposal—that is the second one this year—provides a deficit of $210 billion in the year 2002, the year that Congress' budget resolution gets into balance, the Republican budget resolution gets our budget in balance.

And in the year 2005, the President's budget will still have a $209 billion deficit.

I am very pleased that leaders on the other side of the aisle have already come forward, urging their President to provide for more spending cuts and to use CBO's economic projections so his budget will have integrity and so it will actually be in balance.

Monday's Wall Street Journal quotes the minority leader as saying that President Clinton must find hundreds of billions of dollars in more spending cuts. And in the Washington Times that same day, the minority leader is quoted as saying the White House will comply with CBO estimates.

Another Democratic Senator is quoted in the Washington Times as saying, ''They cooked the numbers. The President needs to get back to the CBO numbers.''

I am glad to see Members on the other side of the aisle agree that the administration must use CBO estimates and must provide hundreds of billions of dollars in more spending cuts. This is necessary if the White House is going to have any credibility in efforts to achieve a balanced budget.

Now the ball is once again in the White House court. I strongly encourage the administration not to punt the ball for a third time. The American people do not want their President to abdicate leadership on the budget. They are glad he is in the ballgame now, but we want him in the ballgame playing as a full member of the team.

This budget we have before us preserves Medicare. Medicare would otherwise be bankrupt in the year 2002. I am glad the President recognizes in his budget that Medicare would be bankrupt by the year 2002, and he proposes slower growth of Medicare as we propose slower growth of Medicare. And even with slower growth, it is still going to grow at 7 percent. Even at slower growth the per capita expenditure for Medicare is going to go up from $4,900 today to $6,500 in the year 2002. We are going to be spending $1.7 trillion on Medicare. We are going to have Medicare still be one of the biggest, if not the biggest programs in the Federal budget. Medicare will not go bankrupt under this budget.

Agriculture is going to do very well under this budget. I thank the chairman for helping us in the Senate hold a strong line on the Senate's figures for agriculture. I think this conference report represents a real victory for agriculture because the House was going to cut agriculture $17 billion for 7 years. Normally, splitting the difference we would have been cutting more than $14 billion. Our figures will be at $13 billion, just above the Senate's recommendations, and the conference retained the sense-of-the-Senate language that only 20 percent of the savings required of the Agriculture Committee should be realized from farm programs.

No one will benefit more from this effort to balance the budget than our family farmers. Because of the intense amount of capital that it takes to be a family farmer and because, especially among young farmers, so much of this capital is borrowed, lower interest rates will be of enormous benefit to this capital-intensive industry. Lower interest rates will result from a balanced budget.

The Food and Agricultural Policy Research Institute, which is a combination of the University of Missouri and Iowa State University, analyzed the impact on the farm economy of a balanced budget. In a preliminary estimate, this organization took the CBO estimates of reduced interest rates that would be realized from a balanced budget and said it would translate into a $2.5 billion increase in farm income in the year 2002.

Finally, on the subject of taxes, this conference report assumes $245 billion in tax cuts for the American people, especially working families. I am particularly pleased that under this budget resolution there can be no tax cuts until after CBO has certified that the budget does get to balance.

We all know we have a credibility problem with the American people when we talk about balancing the budget and cutting taxes at the same time. But we overcome that problem with the American people because this resolution will ensure that we have done the hard work first, that we have actually cut the necessary spending that it takes to achieve a balanced budget. It will be an enforceable reconciliation package. And then it will be scored by the Congressional Budget Office so we know there are *x* number of dollars available for a tax cut and that the tax cut is paid for and we do not cut taxes until that is done. That protects us from the usual traditional use of smoke and mirrors that are too often used, and never gets us to our targeted deficit reduction.

When it comes to tax cuts, as a member of the Finance Committee I state categorically I do not agree with the House of Representatives that we should give middle-income tax cuts to families up to $200,000. As a member of the Finance Committee, I will be working to have that be capped at $100,000. But there is no question that families will greatly benefit from being able to retain more of their income. Families will be able to use those resources for their children's education, their children's health, their children's nutrition. Let the families make the decision, not big Government make the decision on where this money should be spent. Because I am confident that families will make the better choice.

One last note on taxes. I want to make a brief comment about a small, very small but very important part of this budget resolution. I am very pleased that the House agreed to join the Senate in rejecting the off-budget funding for the Internal Revenue Service. The off-budget funding was proposed by the administration to provide for approximately 6,000 more IRS agents. The Senate last month, by a vote of 58 to 42, and it was a bipartisan vote, rejected this off-budget funding for the Internal Revenue Service. By rejecting this off-budget funding gimmick the Congress showed, first, that we would not engage in smoke and mirrors budgeting to achieve balance and, second, by eliminating this off-budget funding for IRS, we showed the American people that this Congress is committed to getting big Government off their back. The IRS has more than sufficient resources to do its job. It does not need the thousands more agents knocking on taxpayers' doors, as proposed by the administration.

This was a small but important victory for the taxpayers. It is a symbol that this new Congress did get a message from the last November election that Americans want to see a smaller, less intrusive Government. In this regard, again, this could not have been done without the help of the chairman of the Budget Committee, Senator DOMENICI. His dogged work in ensuring that this off-budget funding for the IRS was eliminated made that possible.

This victory would not have been possible, then, without his determined support. I want to close by saying this

is truly a historic vote. I did not think I would see the day when we would have a credible budget conference report that would get us to balance, either in my public service or in my lifetime. By adopting this conference report we take the necessary steps to put our fiscal house in order and provide the benefits of a balanced budget to our children and grandchildren.

We all tell our children and grandchildren that it is good and important to have dreams and hopes. This budget will help our children and grandchildren make these dreams and hopes come true.

I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank the distinguished occupant of the chair.

Mr. President, the Republican budget before us purports to solve our deficit problem in 7 years. However, it will not do the job. For one thing, the budget claims balance by using billions of dollars in the Social Security trust fund. In some ironic way that is almost a joke because no company, no corporation—and I come with some experience having been the CEO of a major American corporation, the one that I helped build with a couple of other young fellows—none of them would dare propose to show their balance sheets, or their financial statement, as having been balanced using the company's pension fund.

By the way, Mr. President, I allow myself up to 20 minutes or such time less than that which I care to use.

The PRESIDING OFFICER. That is the Senator's right.

Mr. LAUTENBERG. Mr. President, no corporation would dare use the pension fund that does not belong to them as a line on their financial statement suggesting that in fact they have had a pretty good year. That would amount to absolute fraud. And I think any chairman or president of a company who signs such a statement, the financial officer, could be accused and charged with fraud, and could be charged with violation of the accounting rules that apply to public companies.

Meanwhile, my Republican colleagues claim that they are going to balance the budget in 7 years, but only by using billions of dollars in the Social Security trust fund that are reserved for senior citizens, the beneficiaries. I hope they will not break their arms patting themselves on the back about this.

In any case, Mr. President, there is a much larger question involved in this debate. And that question is Whose side are you on?

Those on the Republican side of the aisle are on the side of high-income people with lots of assets. And so it is not surprising that they advocate a tax cut for the wealthy.

They claim it will help the economy. I think it was at one point called trickle down. Trickle down was something like—I know this is a play on words—trickle-dee trickle-dum. But the fact is that trickle down economics did not work.

Meanwhile, Mr. President, we Democrats are here to represent ordinary Americans. The people who work every day, trying to provide for their families, trying to buy a home, a roof over their heads, trying to supply an education for their children, trying to reserve funds for their older age, or trying to help a parent. These people will not benefit by a tax cut to the rich.

Mr. President, the Republicans justify their budget by talking about debt. But there is a lot of confusion about debt.

Debt is a recognized and an acceptable aspect of personal and business life in this country. Show me a company, any company of size, a company doing $50 million a year, $100 million a year, probably a lot smaller than that, that does not have debt on its books, and I will show you a private company owned by perhaps one individual. But assume as soon as you get other owners in the business, public companies and so forth, it goes almost without saying that they need debt, that they need to borrow to expand, to invest in the future, to invest in research, product development, and marketing. That is the way it is.

What is the dream of the average American family? The largest asset that most Americans have is their home. And I do not know anybody, middle income, modest income, or rich, that buys a home for cash. They go to the bank or they go to a lending institution. They say, ''Lend me money based on my collateral; the brick and mortar that was used to build my house, the piece of property that I own.'' And for many, throughout their lifetime of work, the largest asset that they acquire is their home or the equity in their home at such time as they dispose of it.

So it has to be with government at times. And we ought not to make phony comparisons of government to business or government to individuals. You hear the argument that American families balance their budget, so why not government. That is phony. Everybody knows that. Every American family lives like every American business conducts itself. They borrow money. It is part of our system.

Yet we should try to balance the operating budget. And there is no question that we need to do much more to cut wasteful spending and move in that direction.

There may be some disagreement about the date, whether it is the year 2002 or the year 2005. But both Democrats and Republicans share the overall goal.

The question is how do we get there and who pays the ultimate price? Whose side are you on?

We have heard our friends on the other side claim that they are not cutting Medicare, or that they are simply cutting into the growth of Medicare. The fact of the matter is that when you take $270 billion out of Medicare over the next 7 years, with the huge growth in the number of beneficiaries, and rising medical costs, that money goes for less per person than it would otherwise. These cuts in Medicare will mean a cut of over $3,300 per individual, almost $7,000 per couple, over the next 7 years. And that is a lot of money for the average family. As a matter of fact, the average senior citizen today pays 20 percent of his or her income in out-of-pocket health care costs.

We are talking about people whose incomes at best are modest. Seventy-five percent of Medicare recipients have incomes under $25,000 a year; 35 percent have incomes under $10,000 a year. But we are talking about an average increase for those folks of $3,300 per person, or roughly almost $7,000 for a senior couple.

Student loans—it is going to cost students $3,000 more over the period of a student loan. And the question is, who is going to be deprived of the opportunity to go to college?

Mr. President, I have heard lots of personal stories about our colleagues. There are some illustrious, distinguished careers that were built among people here in this body with relatively modest starts. And I was one of those people. I came from a family where my mother was widowed at age 36. I was 18 and had already enlisted in the Army to do what I had to in World War II. There was no money in that household—nothing. The modest allotment that I sent home was small. It helped my mother. She worked hard to take care of my sister and herself and to maintain the small apartment that they lived in.

When I got out of the service, I was 22. I wanted to go to college and was accepted to a fine university. Were it not for the GI bill, Mr. President, I do not know which way my career would have gone. But I created a business. I am actually a member of the hall of fame of an industry, the information processing industry, for what is called my pioneering efforts in building the service side of the computer business today larger than the hardware side of the computer business. A company I helped found with two other fellows today employees over 20,000 people. It is a wonderful story about America and the success that can be achieved here from three poor kids, and I was one of them. The other two are brothers.

It was the GI bill that sent me to Columbia University. Without that I never would have known which turn to take in the road, very frankly. But with that assistance from the Government, I made a contribution. It is an industry that employs over a million people today, and I take some measure of the credit for having helped create

the notion that you could buy computer services outside of your company; you did not have to own the hardware and you did not have to have the programmers, the technicians; you could do it—all because I got a start from my Government.

My father during the Depression years was humiliated by the fact that he had to work under a WPA program. It was a very unpleasant experience. But my father knew even more than his dignity, he had to have a week's pay and he had to put some food on the table, and he had to maintain the respectability that he had as head of the household. So he took a Government program job. It was not long, but it was necessary.

So here we have education, employment. If only my father had health insurance during the year of his sickness when my mother worked behind the counter of a luncheonette so she could pay doctor bills and administer to him at the same time.

So here we have a picture of America, Mr. President. What kind of a country are we? Is our mission primarily to cut taxes for the wealthy or is our mission here to build citizenry in the proudest way possible, to make patriots out of people because they love their country, because their country does something for them? And if it takes us a couple of years more to eliminate a budget deficit, so it shall be. Because the price of not doing it could be detrimental to our country for decades to come.

We go to the 21st century with the heaviest competition that this country has ever seen, whether it is from the European Union, 350 million people strong, or from the Pacific rim where energy is just boiling and people want to take our markets and take our products and take our opportunity. We can avoid being in that competition very clearly by not educating our people, by not training them, by not penetrating those markets, by eliminating Government's assistance in helping to get to those markets. We can do those things. In this case, a penny saved is liable to be a dollar lost.

So we have to do this with some sense of compassion, with some sense of mission about what our democracy is like.

And yet, in this budget, we are going to take away the earned-income tax credit for modest families. We are going to make students pay more to get their loans. And we are going to cut Medicare benefits.

But we are going to take care of our friends who are in the high side of the income strata. We are going to make sure that they get their tax cut. I think it is ridiculous.

The people who are looking at this placard have to ask themselves the question: Whose side are you on? Where are we going to go? Are we going to be a Government that provides energy and seed money and encouragement for people to develop, or are we going to say, no, no, no, you have to live without these things and if the child does not have sufficient nutrition, so be it. And if the child does not have an education and goes to prison, we will build enough prisons. But will we build enough pride in our citizenry? That is the question.

So we are here with a conference report today that says we are going to give out 245 billion dollars' worth of tax cuts, but we are going to take $270 billion out of Medicare and $182 billion out of Medicaid.

Medicaid. My goodness, I live in a State that has the second- or third-highest per capita income in the country, New Jersey, but we also have the paradox of some of America's poorest cities in our midst. And those cities and other urban areas, where incomes are not high, very often are totally dependent on Medicaid to carry the hospitals that will serve the needs of children. But we are going to say we are going to cut that because we are saving money. Yes, we are saving over here. We are going to give some to those rich guys over there, but we are saving money. And so those children will not get treated. And what kind of respect will they have for themselves, their families or their country if they have not enough to eat and not enough health care? Not much, I can tell you. They will find other ways to satisfy their basic needs.

(Ms. SNOWE assumed the chair.)

Mr. LAUTENBERG. And so, Madam President, the debate will go on and we will have different perspectives, but the one thing that will ring through this debate loudly and clearly in my view is: Whose side are you on? The Democrats believe that people in modest income levels, people in the middle class may need that extra little push to help them move their families along so that they can move up the social and economic ladder. And our friends on the other side will say, no, no, no, we are not going to spend money on those silly programs like child nutrition and day care and those kinds of things. No, we have to give tax cuts to the rich so that they can perhaps let something trickle down for others.

I do not believe that is what America wants. It will be interesting to see how the American public receives this debate.

And with that, Madam President, I am prepared to yield.

Madam President, the next speaker is ordered from the Republican side, and they will allot their time as they see fit.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I thank the Chair. I yield myself whatever time I may take—I believe 15 minutes or so.

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

Mr. ABRAHAM. I thank the Chair.

Madam President, last November, voters sent 11 new Members to the Senate. I believe all of us came to Congress dedicated to keeping the promises we made in our campaigns, and specifically we promised to end business as usual and to replace the old equation here in Washington of higher taxes and more Government with smaller Government and the goal of letting people keep more of what they earn.

Central to our campaign was a commitment to end 25 years of deficit spending here in the Congress.

Today, the Senate is debating a budget resolution which delivers on those promises. First and foremost, this resolution balances the Federal budget over the next 7 years. It does so by slowing the growth of Federal spending from 5 percent a year to 3 percent a year. In dollars, that means Federal spending will continue to grow from $1.6 trillion next year to $1.9 trillion in the year 2002.

Now some, of course, have argued that we moved too fast. But the facts are quite simple. If we do not take action now, America will face an economic crisis far greater than any this Nation has ever confronted before. Here is why.

If Washington keeps spending money the way it has for the last quarter of a century, the Medicare trust fund will go bankrupt in 7 years. In 15 years spending on entitlements and interest payments on the national debt alone will equal all tax revenues. That means not $1 for national defense, law enforcement, education, job training, veterans programs and so on, unless we run up even higher deficits in the future, deficits at levels we have never previously contemplated.

Most importantly, unless the actions we begin in Congress are enacted and signed by the President, a child born this year, 1995, would during their lifetime pay $187,000 in Federal taxes, not in total, but just to cover their share of interest on the national debt that already exists and will accumulate during their lifetimes.

By adopting this budget we can avoid fiscal disaster and begin the process of removing the mountain of debt from the backs of our children. Moreover, balancing the budget also sets the stage for an era of lower interest rates, accompanied by expanded job creation and a higher standard of living. Balancing the budget will result in significantly lower interest rates, which means that the average homeowner can save up to $500 per month on their mortgage. In addition, the GAO reports that balancing the budget could produce real income growth of up to 36 percent by the year 2020. For families and children then, balancing the budget means more than just reducing public debt, it means keeping a roof over their heads, putting food on their table, going to better schools and financing retirement. It means a brighter future.

How do we get there? We get to a balanced budget by setting priorities and making tough decisions. We get to a

balanced budget by keeping our promises, promises to eliminate wasteful spending, to evolve programs to the States and control growth of entitlements and provide taxpayers with some badly needed relief.

First, this resolution trims the fat off of the Government and does so by eliminating unnecessary agencies, consolidating duplicative programs and privatizing those functions that are better served by the private sector.

The resolution includes the elimination of almost 150 departments, administrations, agencies, commissions, committees, boards and councils—everything from the Board of Tea Experts to the Department of Commerce. It also assumes the privatization of entities like the naval petroleum reserve and the Uranium Enrichment Corporation and the Alaska Power Marketing Administration, all of which provides services which are better left to the private sector.

Finally, this resolution consolidates duplicative programs to make the Government less cumbersome and more efficient. And all these reforms save the American taxpayer $190 billion over the next 7 years.

This budget also devolves powers to State and local governments. During my campaign I promised the people of Michigan to return the operation of various Government functions back to the State, where Governor Engler and our legislature are out front on important issues like reforming welfare, Medicaid and education. I know Governors from other States are equally as innovative.

This budget takes advantage of the tremendous talent outside the beltway by utilizing block grants to replace the hundreds of Federal welfare, housing and education programs. These block grants, which in many committees are already moving forward on a bipartisan basis, will provide the Governors with the resources and the freedom they need to carry out such reforms.

Another promise I made to the people in Michigan was to work to control the growth of Federal entitlement programs. The need for this reform was made apparent in February when the Medicare trustees announced the trust fund will be insolvent 7 years from now. The trustees concluded that the HI program is severely out of financial balance and that the trustees believe that the Congress must take timely action to establish long-term financial stability for the program. This budget embraces this call to act by addressing both the short- and the long-term insolvency of Medicare programs.

First, it allows Medicare to continue to grow at a 6.4 percent rate per year. This reform enables Medicare to pass the trustee short-term solvency test while still growing at twice the rate of inflation.

Second, the resolution includes a call for a special commission to address the long-term stability questions facing Medicare and to advise Congress on how to keep Medicare's promise for future generations. President Clinton's most recent budget endorses this approach by advocating similar reforms.

Now, we have heard a lot during the debate on this budget when it first came before us, and we heard already today, and I am sure tomorrow we will hear issues raised as to whether or not we should do these things with regard to entitlement programs and Medicare in particular, whether or not we can limit the growth to twice the rate of inflation. And the claims will be made that this is impossible to do simply because, if we did this at the current rate of growth, the current rate of inflation in health care programs, it will have this, that or the other effect. All these horror stories we heard suggests it is impossible to change any system in this country.

That is certainly not the case, at least based on the recent evidence we have seen in the health care area. What we have seen is that in the private sector the inflationary health care has been dramatically reduced as corporate America, small business America, as families in America have addressed these growth problems by finding innovative ways to deal with health care and health insurance costs, by engaging in more preventive medicine and joining managed care facilities, by finding other alternatives to simply assuming that the rate of inflation can never change. I think it can. I think on a bipartisan basis we can, while providing the same level of service, limit the rate of growth of Medicare to the types of percentage that are contained in this budget resolution.

Another central promise of my campaign was to fight for tax relief for America's families and businesses. Federal, State, and local taxes today combine to take almost 40 percent of every American's dollar that they earn. The tax burden on American families has increased by 300 percent over the past 40 years. Our Tax Code is excessive and it is often arbitrary and too often it chokes innovation and job creation.

In my campaign, I promised the people of Michigan to support much-needed tax relief, like the $500 per child family tax credit, which we have talked about already and will continue to discuss in this body. This budget delivers on those promises by providing $245 billion in relief over the next 7 years. Under this resolution when spending has been cut and a balanced budget is ensured, $245 billion is made available to the Finance Committee for legislation providing family tax relief and incentives to stimulate savings and investment. And we need those incentives. Recent economic indicators suggest the economy may be slowing down. If slower growth is on the horizon, then we need to do more than just focus on spending. Slower economic growth endangers our common goal of a balanced budget in the year 2002. According to the OMB a 1-percent slower economic growth rate translates into $150 billion in higher deficits over the next 5 years. By including real incentives for investment and savings, we can help stimulate the economy and ensure that revenues keep pace with projections.

A good example of how this can work, I think, was embodied in Jack Kemp's original enterprise zone proposal. In these zones lower taxes on capital would encourage businesses and employers to go into economically depressed areas, spurring economic growth and job creation. The primary benefits of these zones go to the residents of the zones themselves as their neighborhood is given a much-needed boost. And within the next few weeks I plan to introduce a bill that would supercharge the current empowerment zones with powerful savings and investment tax incentives such as those that have been previously outlined in enterprise zone bills to try to create that kind of job creation.

By including a tax cut in the budget, we are opening the door for tax reforms like enterprise zones, family tax credits, and other incentives for savings and investment. These tax cuts in turn will increase—grow, create jobs, improve savings and ultimately improve the standard of living for most Americans. I intend to work with the Finance Committee to provide Americans with a profamily, progrowth tax cut this year.

Madam President, 2 weeks ago Bill Clinton sent to Congress a proposal that embraces the central themes of this Republican budget. It cuts spending. It limits the growth of entitlements, and it provides Americans with relief from excessive Federal taxes. In short and in many ways, the President's budget alternative vindicates Republican efforts to balance the budget. While the plan falls short of its goals, which has been quantified by the Congressional Budget Office, I still think it is a good start in the right direction. I also hope that the President now will support other Republican efforts to create jobs and strengthen our economy, and I look forward to working with the administration to do so.

Madam President, this budget resolution takes a historic step toward balancing the budget by slowing the growth of Government and returning power to the States. It is a credit to Senator DOMENICI and to the members of the Budget Committee and to the leadership, I think, that we have set this goal and stuck with it.

As is the case, I know, with the President and many others in this Chamber, there are parts of this budget resolution that I wish were different. There is an area, for example, in the student loan area where I wish it were different, closer to something that I had worked out before.

But I think it does an extraordinarily good job of ordering priorities and reaching the commonly held objective of bringing the budget into balance,

and it is the reason that I strongly support what we are attempting to do today and tomorrow.

The question before Congress is not just about dollars and cents, revenues and outlays. The question confronting us is whether this will be the first generation of Americans that fails to pass on to our children as much freedom and opportunity as we inherited from our parents. Like many other new Republicans in Congress, I ran for the Senate promising to fight for an agenda that would guarantee my children and their generation more freedom and opportunity. This budget, I think, keeps those promises, because it guarantees that the freedoms and opportunities for future generations are greater than ever. I look forward to working with the President and, hopefully, congressional Democrats to get this job done.

We heard earlier today numerous people comment on the implications of this budget. The previous speaker was quite eloquent in trying to outline his view of America and where he thought this budget would take us. He talked about his family and their experiences in this country. I would just like to close by talking about my family.

My grandparents were all immigrants. They came to this country about a century ago in search of freedom. None of the four could speak English. Probably cumulatively the four had about $5 in resources when they got here. But they came to this country because they wanted to live in a country that was free and they wanted their kids and their grandchildren and future generations of their family to live in a nation that was free.

They did not come here seeking a nation for the purpose of finding a place where there were great Government benefits. They believed in their own capacities to do things, and they wanted a place where they would have a chance to enjoy the freedom to do the things they want.

My parents were very hard-working folks. Neither of them had a college education. They were not really well educated, in fact, but they cared an awfully lot about their children and they wanted my sisters and me to have a little more opportunity than they did.

My dad worked for almost 20 years as a UAW member on an assembly line in Lansing, MI, in an Oldsmobile factory, and he and my mom had a small business after that. They worked very hard, 6, sometimes 7 days a week, to give my sisters and me a chance to have the other part of the American dream—freedom and opportunity.

I think what they envisioned for my generation and what I think they all wanted for my children's generation was a chance to grow up in a nation that provided these opportunities. I sincerely believe that if we burden the next generations with an ever-increasing amount of debt, we will not pass on the kind of freedom that my grandparents came to this country to find and that my parents tried to pass on to my sisters and to me.

I just will close by saying this. We heard a lot of talk about compassion and which party has the ability to provide it and what this budget will do. But just remember, Madam President, that in this budget, we will be spending over the 7-year period involved something in the vicinity of $12 trillion of taxpayers' money, of moneys sent to us by hard-working people across this country. We are a very compassionate Nation, I think, and we are spending most of those dollars in one way or another on programs which benefit people who are less fortunate.

So I think we are a compassionate Nation. If we continue to provide the people with the freedoms and the incentives to pursue their entrepreneurial instincts and pursue the kind of opportunity my grandparents came to this country to find, we will get the job done.

I cannot imagine, in a nation that does as much, how we can ever get to the floor and suggest we are not compassionate, our programs are not effective. I think this budget allows us to continue providing support for people who are truly needy but, at the same time, make it possible for people to enjoy the freedom and opportunities in America.

So I strongly support what we have done and look forward to working to adopt this resolution.

At this time, I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Madam President, I yield 10 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Madam President, I am struck sometimes, in listening to the discussion on the floor of the Senate, by some Members of the Senate who think that it is always intrusive to ask someone in this country to pay taxes; that it is, after all, their money and they should not be required to send it, and the only reason the Congress asks them to send it is so the Congress can squander it on one thing or another.

The fact is, in our country, we do a lot of things together. When we do things together, there is an obligation for all of us to pay for it—educating our kids, building our roads, paying for our police and fire protection, and providing for the common defense of our country. That is what we must do in our country, and all of us have an obligation to pay for some of that. And we do that through taxes.

None of us enjoys it, perhaps, but I happen to consider the taxes I pay a good investment in my children's education. I am pleased I do. I happen to consider the taxes that I pay something that I am proud to do to support the men and women, for example, who serve in our Armed Forces and risk their lives in defense of this country's liberty and freedom. So I think we ought to talk about what is it that makes a good country and what are our obligations to each other and to our country.

About 6 months ago, I went to Dulles Airport to meet an airplane. I had about a month or two prior to that been watching television and saw on television a young woman in Bosnia whose parents had been killed, who had been critically wounded herself, and who lay in a hospital for some long while. Her brother, in the same attack that killed her parents and critically wounded her, was miraculously spared, and he was able to come to the United States. She, on the other hand, when she recovered from her wounds, after laying in critical condition, having lost her parents and then her brother having been taken from her, was living in a single room with a candle trying to study, despondent over losing her family.

I decided I was going to see if I could help this young woman somehow, and I did. She came to the United States, and I picked her up at Dulles Airport and reunited her with her brother. Coincidentally, this happened 1 year to the day after my daughter had died.

I was thinking on the way to the airport to meet this young woman from Bosnia who had suffered from such tragedy a lot of things that were very emotional for me, because we could not do much to save my daughter, and yet I thought perhaps I was helping some other young woman start a new life. I felt at least in some ways maybe there was some opportunity to reach out.

Her plane arrived and she got off the plane and was overcome with emotion as she met her brother, whom she never expected again to see. She cried and was extraordinarily emotional. When we were talking after this, she said to me, ''It was only something I barely was able to dream about, that I might some day ever come to the United States of America. You don't have any idea what this means to someone to be able to come to the United States of America. We view the United States as a land of opportunity, as a place where opportunity exists to live a good life and live in peace and live in freedom.''

I thought to myself, when she said that through her tears, that all of us in this Chamber, I think, and probably all of us in this country from time to time, take too much of this country for granted. If by chance we are able to hear from others what this country means to them, we can understand again what our great grandparents and grandparents and our parents helped build in this country. It is a pretty remarkable, special, unusual place. This is a superpower, a world economic leader. It did not start that way. But because of genius in people, because of a free market capitalist system, because of businesses that took risks, and, yes, even because of Governments that did

things and invested the taxpayers' money and also provided opportunity, this country has progressed. We led the way.

We, as we moved along, decided there is a right way and a wrong way to do things. The captains of industry in the turn of the century were producing tainted meat with rat poison. Upton Sinclair wrote his book about how they killed rats by lacing the bread with arsenic. He said they would shove the bread and rats down the chute and it would get mixed in and they would produce a mystery meat that would end up on the shelf. We decided we did not want to eat tainted meat.

We also decided we did not want to pollute our air. In the last 20 years, we are using twice as much energy and we have cleaner air. Is it because the captains of industry said we are going to spend money to clean up emissions? No, it is because people here in the Senate and across the way in the House said there is a right way and a wrong way to do things. We said we were going to require less pollution. Yes, it will cost a little more. But we have cleaner air now than we had 20 years ago, and we have cleaner water than we had 20 years ago.

Is it a nuisance to comply with all of that? I suppose so. Is it good for our kids to leave this country in better shape? You bet it is. The Government provided leadership and did the right thing. We have to provide the leadership in fiscal policy as well. Do we not have to balance the Federal budget? You bet. There is no question about that. There ought not to be one scintilla of debate on the floor of the Senate on the question of whether we should put our fiscal house in order. The question is not whether we should, the question is how. There is a right and a wrong way to do that as well.

The Federal budget represents our priorities. One hundred years from now they can look at the budget and figure out what the people in this country thought was important to them. They can determine that just by looking at what they decided to spend money on. I know it is easy to criticize. I do not mean to be critical. As has been said, ''Any jackass can kick a barn door down, but it takes a carpenter to build one.'' Yet, I must be critical of the priorities in the budget. I think they are wrong.

I want to balance the budget. I have supported initiatives to do so. But I do not think we ought to make it harder for kids to go to college. That is what this budget does. I do not think we should do it by deciding that health care is going to be more expensive for the poor and elderly. We do not advance the economic interests of this country when we decide a poor child at school should not be entitled to a hot lunch, but the richest Americans are entitled to a tax cut. That does not make sense for this country.

This is a debate about priorities. I have been watching people break their arms patting themselves on the back today for a balanced budget. I only observe that if you take this document that is on every single desk in the Senate and turn to page three, look at the heading called deficits, and look at the year 2002, you will see that in the year 2002, on this majority party budget deficit document, it says the budget is not in balance. It is, in fact, a $108 billion deficit.

I have a standing offer of $1,000 of Senator ROCKEFELLER's money—because he has a little more than the rest of us, so he would provide $1,000 of his money to anyone—to any Member of the Senate or any journalist who would demonstrate to us that this budget is in balance. I made that offer 24 hours ago, and nobody has taken the $1,000 dollars yet, and nobody will, largely because this budget is not in balance. Everybody in this Chamber knows it. Yet, they are spending most of their time complimenting themselves on doing something they have not done. That might be fun for them and might eat up some of their time, and it might even convince some people it is in balance. But those who have taken simple arithmetic and who can read page numbers can simply go to page 3 and understand that it is not in balance.

Again, I say, about priorities, that the priorities here are not the right priorities. We can, should, and will debate the priorities. And, in my judgment, it is investing in our children's education. It is in balancing the budget, but doing so in a way that spends money that is productive, that yields investments.

If I have 1 or 2 minutes left, I want to tell a story I have told before. It represents what I think is the future of this country. The oldest Member of Congress, when I came here, was Claude Pepper. I went to his office to meet him. Behind his desk were two pictures on the wall. One was of Orville and Wilbur Wright taking their first flight. You know, it was autographed. That is how old Claude was. It said, ''To Congressman Pepper with deep admiration.'' He came to Congress in the 1930's and was still here in the 1980's. Beneath the autographed picture of Orville and Wilbur Wright making their first flight was a picture of Neil Armstrong standing on the Moon.

What was it in that relatively short period of decades that produced people that went from the ground to the air to the Moon? Education and genius. It was massive amounts of education in our country, allowing people to become the best they can be—engineers, scientists, and more. It was not just going to the Moon; it was progressing in so many other areas. Why? Because we made the right investments. We understood the right priorities.

The right priorities, in my judgment, are this country's children. This budget short-changes America's children. Someone once said that 100 years from now your income will not matter, or how big your house was, but the world might be a different place because you were important in the life of a child.

The question for us about priorities is: Will we pass a budget that is important in the lives of America's children? If we will, it will not be this one because its priorities are wrong. We can do much better, and will, if we reject this budget, reject the tax cuts for the rich, reject more money for defense, and invest more in America's kids, and make sure we take care of the things that are important in this country.

I yield back the entire balance of my time.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Madam President, I rise today in support of the budget agreement. I want to congratulate Senator DOMENICI. I want to congratulate Congressman KASICH. It is very seldom in American politics that you get an opportunity to vote for a big bill—a budget in this case—that takes a step toward fundamentally changing the way our Government does its business.

I am not saying that this is the be-all and end-all of budgeting. I am not saying that this budget in and of itself is going to fundamentally change the future of America. But I am saying that it is an important step in the right direction. It is clearly the most dramatic and important budget that we have adopted in the U.S. Congress since 1981.

I believe that the American people will be beneficiaries of this budget. And it is not perfect, from my point of view. I think we could have cut spending more. I think we could have let working people keep more of what they earned. I think we could have done more to change fundamentally American Government. The bottom-line truth is that this is a dramatic change in policy, and I think everybody who has had anything to do with this budget can be proud of what they have done.

Let me set in perspective what we are doing here today. We are writing, over a 7-year period, a binding budget that, if enforced over that 7-year period, will balance the Federal budget. That is something that we have not done since 1969.

The important thing to note about this budget is that we are not promising to do things in the future that will balance the budget. What we are doing in this budget, and in the follow-on legislation that we will adopt this year, is we are making changes now that will, over the next 7 years, if the economy stays roughly as we now anticipate it will stay, in a modest recovery mode, balance the Federal budget and will, for the first time in over a quarter-century, mean that the Federal Government is living within its means. That is a very important change in public policy. What did it take to achieve this change?

Some of our colleagues on the other side of the aisle are going to talk about deep cuts, about denying benefits, but let me try to set that in perspective.

Since 1950, Federal spending has grown, on average, about 7½ percent a year. Federal spending since 1950 has grown 2.5 times as fast as family income has grown.

An interesting number is, that if the family budget since 1950 had grown as fast as the Federal budget has grown, and if the Federal budget had grown as fast as the budget of the average family in America has grown, the average income of working families in America today would be almost $130,000 a year and the Federal Government would be one-third the size it is today.

Given a choice between the America we have and that America, I would take the America of higher family income and smaller government.

What we are doing in this budget is limiting the growth of Federal spending to no more than 3 percent a year, each year, for the next 7 years.

Now I know we have many people on the other side who will say, well, after having grown at 7½ percent a year for 40 years that to limit the growth to 3 percent a year is going to decimate Government programs.

I would just like to remind my colleagues that every day in America, businesses make tougher decisions than that just to keep their doors open. Every day in America, families make far tougher decisions than that in dealing with the real world problems that families in America face every single day.

The difference is that families and businesses live in the real world in America where you have to make tough choices. Our Government has not lived in the real world for the past 40 years. I think we can take a little pride in the fact that this budget is a major step toward bringing our Government in Washington back into the real world that everybody else lives in.

Under the old budget, under the Clinton budget, the Federal Government over the next 7 years would have spent $13 trillion. Under this budget, we are still going to spend $12 trillion. We are talking about spending roughly $1 trillion less than we would have spent.

But we are talking about more than simply controlling the growth of Government. We are talking about something that I fought for in the Senate. I offered an amendment to cut spending further so we could let working families keep more of what they earn. That amendment was not successful. But I am very proud of the fact that the conference accepted, basically, a variant of the House language that allows working families to keep more of what they earned.

In 1950, the average family with two little children in America sent $1 out of every $50 it earned to Washington, DC. Today that average family with two children is sending $1 out of every $4 it earns to Washington, DC.

I do not think there are many people in America that believe that Washington is doing a better job of spending that family's money than that family would do if we let them keep more of what they earn, to invest in their own children, in their own family, in their own business.

I am very proud of the fact that we are making a major step in this budget that is going to let us enact a $500 tax credit per child so that families can spend more of their own money on their own children on their own future.

In our tax cut, we call for a cut in the capital gains tax rate. I know the President says if you cut tax rates, rich people will exploit the situation. They will invest their money. If they are successful they will earn profits.

Welcome to America. That is how our system works. We want to encourage more people to invest money. I do not understand a country and a Government and people who love jobs but hate people who create them. I do not understand all this class warfare that we are always debating about. If we want people to invest money, we have to provide incentives to people who have money. Those are basically people who have been successful.

What a different world our President is from than the world I am from. When I was growing up and we rode by the nicest house in town, never once did my mama point her finger out and say, ''We ought to tax those people, and give us their money.'' My mother always pointed her finger out and said, ''If you work hard and you make good grades, you can have a house like that.'' I like my mama's America a lot better than I like Bill Clinton's America.

I am proud of the fact that in our budget we provide incentives for people to invest their money to create jobs and growth and opportunity so that other Americans can get their foot on the bottom rung of the economic ladder and climb up and begin to create success for themselves, their family, and their country.

This tax cut that we are talking about in this bill sounds like a small amount of money in Washington, DC, $500 per child. Many have said, well, it is not enough money to make any difference. Well, to a two-child family in Texas, that is $1,000. And $1,000 is real money. The fact that $1,000 is not real money in Washington, DC, tells more about the problems in Washington, DC, than it does about anything else.

The tax credit for children that we contemplate in our budget will mean that a family with four children, that makes $35,000 a year, will be taken off the income tax rolls. A family with two children that earns $45,000 a year, if we go on now and adopt the tax cut that goes with this budget, will see its income taxes cut by one-fourth.

This will mean that working families can keep more of their own money to invest in education, in housing, in nutrition. The President, in criticizing our budget, says this budget cuts spending on children. This is not a debate about how much money we spend on children, but it is certainly a debate about who will do the spending.

President Clinton and the Democrats want the Government to do the spending. We want the family to do the spending. We know the Government and we know the family. We know the difference.

We believe that letting families keep more of what they earn to invest in their own children will mean that they will do a better job and they will be richer and freer and happier.

When we concluded the debate on this budget, I was concerned that we were not going to fulfill the promises that Republicans made in the campaign.

We promised the American people three things if they made Republicans the majority: No. 1, we would balance the budget; No. 2, we would let working families keep more of what they earn; No. 3, we would provide incentives for economic growth. I am proud of the fact that in this final budget we are balancing the budget over a 7-year period. We are letting families keep more of what they earn. We are providing incentives for economic growth.

Promises made, promises kept. That is something that there has not been enough of in Washington, DC. I am very proud to have been part of an effort where we have fulfilled our promises and where we are, in fact, beginning to change the way our Government does its business. I served in the House and in the Senate. I have never had an opportunity to vote for a budget that if fully enforced, under realistic assumptions, would do the job of balancing the Federal budget. I am very proud that I am going to have an opportunity to cast my vote for this budget. It may very well be that 2 years from now or 4 years from now we will have to go back and make an adjustment. It may very well be that we will have to reduce the growth in spending further at some point to get the job done. I am certainly willing to do that.

The important thing today is—and I think every Member of the Senate, whether they vote for this budget or not, can be proud of the fact—that we have written a budget that is a fundamental change. This budget would never have been written had the 1994 elections not been held, had there not been a fundamental change in the makeup and control of Congress.

But we are writing, today, a budget that under realistic assumptions will balance the budget over the next 7 years. It represents a change in policy. It represents the fulfillment of a commitment that we have made to the American people. I think every person who is privileged to serve in the Senate today can be proud of the fact that this budget does what the American people wanted done, change the way we do business in Washington.

It does not complete the job. In and of it itself today, it does not balance the budget. But it lays the foundation for a 7-year program that if we stay with it, if we are willing to make

changes when things go wrong—and they inevitably go wrong—with modest adjustments over the next 7 years, we can guarantee the American people that we will balance the Federal budget, and if things go well, we can do it without further action.

I think that is a tremendous achievement. I am very proud to have played a small role in it. I congratulate Senator DOMENICI. I congratulate Members of the House and Senate. And I am delighted to have an opportunity to cast a vote for this budget.

I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Madam President, I yield myself 10 minutes.

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

Mr. SIMON. Madam President, there is credit to be spread around. And there is blame to be spread around, for the deficit and where we are. I thought Senator DORGAN's remarks earlier were right on target. It is why I am proud to have him as a Member of the U.S. Senate.

The Republicans, and I specifically commend Senator DOMENICI, deserve credit for having the target of balancing the budget. The Democrats, on the other hand, I think, have the right priorities, and the priorities that we are offered in this budget are not the priorities that the Nation needs.

I add that I would feel much better about this if we had a balanced budget amendment. I would feel better because we would have interest at least 1 percent lower and that means, over a 7-year period, $170 billion to spend on things that are needed in this country. And the irony is that some of the groups that fought the balanced budget amendment are now having their programs hurt because we do not have a balanced budget amendment. We need it also because our history is that when we adopt a program like this we keep it for about 2 years, as in Gramm-Rudman—which I voted for—and then it becomes too politically awkward, and we lose it.

What is wrong in terms of the priorities that we have? For national defense, we increase spending. We already are spending more than the next eight countries in the world combined. If you go back to the 1973 defense budget and add the inflation factor, we end up spending more money in fiscal year 1996 than we did in fiscal year 1973, and the Berlin Wall has fallen. You would never guess it, looking at the budget. In 1973, we had troops in Vietnam. In 1973, we had almost twice as many troops in Europe. In 1973, we were building up our nuclear arsenal. Now we are buying, including buying weapons the Defense Department says we do not need—B–2 bombers. They tell us it is a white elephant, yet we are going to go ahead, I assume. We will have a vote on it, not with my vote, but we will go ahead and have B–2 bombers. We are going to spend $59.8 billion in an increase over where we are right now on national defense.

International affairs, foreign aid. I recognize it is not popular. But among the industrial nations of the world, do you know where we are in terms of percentage of our budget that we spend on foreign aid? We are dead last. And the great threat today is not a military threat. I want a strong military, but the great threat is instability. And we are saying in our budget we want to keep that military option as the greater option to the economic option. It does not make sense.

What other nations today worry about is, frankly, not whether we have the equipment technology and the manpower to respond. The question is whether we have the backbone in the administration, in Congress, in the American people, not in our Armed Forces. Cutting back foreign aid, though it is politically popular, it is extremely shortsighted.

Education? I commend the Presiding Officer, the junior Senator from Maine, for her amendment which added money back in for education. Yet, this budget cuts back education a total of $67 billion. Every study—conservative, liberal, you name it—says what we ought to be doing for the future of our country is we ought to be investing more in education. Yet this budget does the opposite.

Medicaid? We hear a lot of Medicare. I agree with my colleagues who make the speeches on Medicare. But frankly, I am more concerned about Medicaid because Medicaid is poor people. When we reduce the spending on Medicaid $182 billion, let us keep in mind, half the people on Medicaid are children, poor children. Would the people of the United States want us to cut back on that? I do not think so.

Tax cuts? I disagree with the Republicans. I disagree with the Democrats on tax cuts. I do not think we ought to be having tax cuts when we have deficits. Would I like a tax cut? Of course. We all like tax cuts. But if I give myself a tax cut, I know I am hurting the future of my three grandchildren. Faced with that option, the American people do not want a tax cut. Yet, both political parties are pandering—that is what we are doing, pandering—on the tax cut. The Senate, assuming that you had interest reduction, would have given a $170 billion tax cut; the House, $345 billion; the conference is $245 billion. Are we better off applying that to the deficit or applying it to education? I think, very clearly, the Nation would be much ahead if we applied it to the deficit or to education.

I ask unanimous consent, Madam President, to have printed in the RECORD a column by Robert Samuelson that appeared in the Washington Post called ''Macho Tax Cuts,'' and a New York Times editorial, ''The Rich Get Richer Faster.''

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

MACHO TAX CUTS: DON'T BELIEVE IT, THEY'RE ACTUALLY TINY AND UNDESIRABLE

(By Robert J. Samuelson)

Among Republicans, cutting taxes has always been macho. Writing recently in the Wall Street Journal, House Speaker Newt Gingrich said the case for tax cuts rests on the ''key principle'' of the Contract With America, which is: ''The American government's money does not belong to the American government. That money belongs to Americans, and it's time to give Americans some of their own money back.'' It will surely surprise most Americans to know that, once they've paid their taxes, the money still belongs to them. But if so, why be timid? Give all of it back. End taxation. Period.

The silliness of this rhetoric emphasizes the undesirability of instant tax cuts. Taxes are the price of government; they shouldn't be cut unless the budget is in surplus. The populist pap that tax money belongs to ''the people'' is simply the latest of many pretexts, advanced by both parties, to prolong budget deficits. The money belongs to ''the people'' until ''the people'' divert it to government for purposes that, presumably, serve their needs. If Americans want lower taxes, they'll have to ordain smaller government.

These arguments are now relevant because, in the current House-Senate conference to write a budget, tax cuts loom as the largest disagreement. Between 1996 and 2002, the House would cut taxes by $354 billion; the Senate would reduce taxes only if balancing the budget provides extra revenues through faster economic growth. The tax cuts taint otherwise courageous budget proposals. Although the Republicans' plans can be faulted on details, they broach the critical—often unpopular—choices that must be faced to control spending and deficits.

By contrast, the instant tax cuts feed the illusion that people don't have to pay for government. It is, ironically, the House Republicans who best discredit this false logic. In a new book (''Restoring the Dream: The Bold New Plan by House Republicans''), they call a balanced budget a ''moral imperative'' to avoid burdening ''our children and our children's children'' with a huge federal debt. If so, what's the excuse for adding $354 billion to that debt, which under the House plan would grow to $4.5 trillion in 2002, up from $3.6 trillion in 1995?

One possible excuse is that Americans need to be bribed, via lower taxes, to accept unpleasant spending cuts. Although this is plausible, some public-opinion surveys actually suggest just the opposite. A recent NBC/Wall Street Journal poll asked respondents to select priorities: Deficit reduction (54 percent) ranked ahead of tax cuts (37 percent). A CBS/New York Times poll similarly asked respondents to choose deficit reduction or tax cuts: 56 percent picked lower deficits and 40 percent lower taxes.

Mostly, the tax cuts indulge partisan symbolism—''hey look, we shrunk government.'' In fact, this is highly misleading, because the tax cuts would be tiny. They would average about 3.8 percent for individuals and families, estimates the Joint Committee on Taxation. In 2002 the federal tax burden would be 18.2 percent of our economy's output (gross domestic product), says the House Budget Committee. If taxes weren't cut, the tax burden would be only 18.8 percent of GDP. (Indeed, the tax burden has been highly stable since World War II. It averaged 17.6 percent of GDP in the 1950s and 19 percent in the 1980s.)

The $354 billion of tax cuts are so small because, in the same seven-year period, federal spending would total about $12 trillion. For many Americans, the tax cuts would be trivial or nonexistent. There's a $500 tax credit

for each child under 18 in families with less than $200,000; but that wouldn't affect 77 percent of taxpayers, says the Joint Committee. There's modest relief (up to a $145 credit) of the so-called marriage penalty, but that would apply to only about 11 percent of taxpayers.

The obvious danger is the tax cuts could prevent a balanced budget. The House plan rests on optimistic assumptions. Economic growth is expected to rise and interest rates to fall. They might not. Spending on Medicare—federal health insurance for the elderly—is assumed to slow sharply. Even if (a big if) legislation is passed to curb Medicare, the desired savings might no materialize. Health spending has routinely resisted precise forecasting.

The drive for lower taxes may also impel unwise spending cuts. Defense is the federal government's first responsibility. Is it adequately financed? Maybe not. It would be virtually frozen for seven years with little adjustment for inflation. In 2002, defense spending ($280 billion under the House plan) would be about $45 billion below the present ''base line.'' Republicans would also transfer, via block grants, welfare, Medicaid and, possibly, some food programs to states. But if block grants are set too low, states will have to raise taxes or cut services sharply.

It is imprudent to cut taxes before the consequences of these policies are better understood. Finally, tax cuts are simply unfair before the budget is balanced. Until then, they would mainly represent a transfer from the poor (whose benefits are cut) to the well-to-do. About half the tax cut of the House bill would go to the eighth of taxpayers making more than $75,000 a year, who also pay about half the taxes. Naturally, these people tend to vote Republican while the poor don't.

The politics are straightforward, but in a cynical age, they may not be shrewd. By and large, Americans see through rhetorical ruses. If tax cuts are passed, people will ultimately grasp that they don't amount to much. They will feel (correctly) misused, especially if deficits persist. The dilemma for House Republicans is that, having made an unprincipled promise to cut taxes, they cannot change without seeming to break their word. But it is better to admit a mistake than to perpetuate it.

A balanced budget aims to restore discipline to government—to revive traditional notions that choices must be made, that people must pay for what they get and that government must live within limits. Such discipline is not just an accounting exercise. It is also a moral code. It takes government seriously and seeks not only to eliminate what it can't (or shouldn't) do but also to improve what it should (and can) do. A lot of Republicans aren't there yet; they're too busy, in Tarzan fashion, thumping their chests and screaming: ''Me Tax Cutter.''

[From the New York Times, Apr. 18, 1995]

THE RICH GET RICHER FASTER

The gap between rich and poor is vast in the United States—and recent studies show it growing faster here than anywhere else in the West. The trend is largely the result of technological forces at work around the world. But the United States Government has done little to ameliorate the problem. Indeed, if the Republicans get their way on the budget, the Government will make a troubling trend measurably worse.

Some inequality is necessary if society wants to reward investors for taking risks and individuals for working hard and well. But excessive inequality can break the spirit of those trapped in society's cellar—and exacerbate social tensions.

After years of little change, inequality exploded in America starting in the 1970's. According to Prof. Edward Wolff of New York University, three-quarters of the income gains during the 1980's and 100 percent of the increased wealth went to the top 20 percent of families.

The richest 1 percent of households control about 40 percent of the nation's wealth—twice as much as the figure in Britain, which has the greatest inequality in Western Europe. In Germany, high-wage families earn about 2.5 times as much as low-wage workers; the number has been falling. In America the figure is above 4 times, and rising.

Interpreting these trends requires caution. Inequality rose here in the 1980's in part because the United States created far more jobs—many low-paid—than did Western Europe. Low-paying jobs are better than no jobs. Rising inequality in the United States has also been caused in substantial part by middle-class families that moved up the income ladder, opening a gap with those below them.

About half of Americans move a substantial distance up or down the income ladder over a typical five-year period. In a mobile society, where workers rotate among high- and low-earning jobs, earnings gaps are less frightening because any given job would be less entrapping.

But mobility has offset none of the increased inequality in income. Studies at the Maxwell School at Syracuse University show that mobility in America is not higher than in Germany. Nor does mobility here appear to be higher today than it was in the early 1970's.

The best guess about the factor behind burgeoning inequality is technology; the wage gap between high- and low-skilled workers in America doubled during the 1980's. College graduates used to earn about 30 percent more than high school graduates, but now earn 60 percent more. Prof. Sheldon Danziger of the University of Michigan estimates that trends in private pay rates explain about 85 percent of recent increases in inequality; Reagan-Bush tax cuts for the rich and spending cuts for the poor explain much of the other 15 percent.

But even if government is not the main actor, it could be part of the solution. Changes in the Canadian economy during the 1980's also hit hard at low-wage workers. But there the Government stepped in to keep poverty rates on a downward path. In the United States, poverty rose.

House Republicans are now pushing the Federal budget in the wrong direction. At a time when employers are crying out for well-educated workers, the G.O.P. proposes to cut back money for training and educational assistance. America needs better Head Start, primary and secondary education. It needs to train high school dropouts and welfare mothers. The G.O.P. policy would leave the untrained stranded. That would harm the nation's long-term productivity—and further distort an increasingly tilted economy.

Mr. SIMON. Madam President, the goal of balancing the budget is noble. I applaud that. I joined the Republicans when that vote was established in the Budget Committee. I went over and voted with the Republicans for that. The priorities that we have in this budget, however, are wrong. I think we will have to reexamine this as we move into reconciliation, as we move ahead. I will be here a year and a half. Within a year after I get out of this body, we will be shifting away from this goal unless we change the priorities. I think the goal is one we ought to be fighting for, and I hope we will shift the priorities.

(Mr. GRAMS assumed the chair.)

Mr. SIMON. Mr. President, I have how much time remaining on this side?

The PRESIDING OFFICER. The Senator from Illinois has 4 minutes and 45 seconds.

Mr. SIMON. Mr. President, if someone on this side wants to take the time now, fine. Otherwise, I will yield that remaining time. I yield the time that remains to the Senator from Washington, and I ask unanimous consent that I be allowed to yield an additional 4 minutes to the Senator from Washington from the 6 hours remaining under the statute on the budget resolution.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. It is not clear from that when my colleague would want that time. Does he want that time tonight?

Mr. SIMON. Now. We are talking about yielding 10 minutes to the Senator from Washington now.

Mr. DOMENICI. We have been asked by the Republican leader—you have 4 minutes. We have 2 minutes. Is that correct? The Senator can yield that 4 minutes to her right now. Or he can wait and do a bigger package.

Mr. SIMON. The Senator from Washington indicates she would like to wait and take it a little later then.

Mr. DOMENICI. The Republican leader is here. If the leader would not mind, I have 2 minutes in which I would like to respond. Then we will yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I have 2 minutes left. I will take it now. I understand the other side will yield back this time, and we will give the floor to the Republican leader at that time.

Mr. President, I think perhaps with all of the things said on that side of the aisle, I would like to make two points. It has always been a problem with bodies such as this, legislative bodies in which everybody seems to be for the same idea, everybody seems to say we want to get to the same place. But the difficulty is to get them to go to that place following the same path, to decide they want to do some tough things and to concede and compromise along the way.

So, Mr. President, I did not expect this U.S. Senate to unanimously agree on a balanced budget and then say we were doing it the right way. So Americans should understand that is the way it is always done in bodies such as this. Everybody agrees on some principles, but how you get there only Senators can decide.

Second, the question has been asked on whose side is this budget or whose side are we on? Mr. President, I say to the Senator and to the American people, this budget is a budget for all Americans. We do not believe we want to pick and choose. We want a budget that is good for our country, we want a budget that is good for Americans, and we want a budget that is good for our

children and for our grandchildren and children not yet born. We are convinced we cannot spend on the programs that are currently part of America at the same level, and give everybody everything they are getting under current programs, and be a budget that is good for all Americans, because the debt will continue, the interest rates will go up. And what it all boils down to it is that Americans will pay in the end with less of an economy, less good jobs, and less opportunities.

So I answer the question posed on that side of the aisle with a great deal of pride, that this budget is good for America and the people of America. We are not picking and choosing. We are producing a budget that will make America a better place for everyone.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I rise in opposition to this conference report.

When Senator DOMENICI's budget resolution passed the Senate, I said it was a good accountant's budget. That is, it had the right bottom line, and it made some tough choices by eliminating Cabinet Departments and reducing spending. But in the end, it failed the test of priorities and values.

It cut Medicare service by $256 billion, which would reduce the essential Medicare health services for older Americans by nearly a quarter and place intense financial pressure on their children. And it weakened our future prospects by cutting education severely.

At the same time, the Senate budget left in place wasteful Federal projects like courthouses, foreign spending like the so-called TV Marti, and luxury items like space telescopes. At the same time, it provided a large tax cut whose benefits went primarily to wealthy individuals and corporations rather than middle-income Americans.

So I voted against it. But I hoped that with some changes in these priorities areas it could be made acceptable.

Unfortunately, the opposite has happened.

Medicare will be cut by an additional $14 billion, threatening the well-being of Montana's 125,000 senior citizens and the survival of Montana's rural hospitals.

Support for agriculture will decline by an additional $1.4 billion to a total of $13.3 billion over 7 years. Per farm, that means agricultural supports will fall by $1,000 every year for the next 7 years. And with 85 percent of American farms grossing under $100,000 per year, we will see a severe cut in income all over rural America.

Education will be reduced by $10 billion, meaning our children will be less able to compete with our trade rivals abroad.

And wealthy people will get $75 billion more in tax breaks, which comes directly from senior citizens, rural hospitals, agricultural producers, and investment in education.

Finally, it is no longer a good accountant's budget. Senator DOMENICI's sober projections have been replaced by unrealistic rosy scenario assumptions about growth, interest rates, and so on. It is far less likely to lead to a balanced budget.

So this budget is significantly worse than the version the Senate voted on last month. It is less disciplined. Less far-sighted. And more damaging to senior citizens, rural America, and our future.

I oppose it, and I urge the conference committee to go back to the drawing board and start over.

Mr. EXON. How much time is remaining on our side?

The PRESIDING OFFICER. Three minutes twenty seconds.

Mr. EXON. I ask unanimous consent that we be allowed to reserve that time for later in the debate without further charging to this side of the aisle.

How much time is left on the other side?

The PRESIDING OFFICER. Five seconds.

Mr. DOLE. Five seconds?

The PRESIDING OFFICER. That is correct.

Mr. DOLE. We will yield that back.

[Laughter]

Mr. EXON. We do not yield ours back at this time.

UNANIMOUS CONSENT AGREEMENT

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I have been conferring throughout the day with the distinguished Democratic leader, Senator DASCHLE. I think we have an arrangement that will satisfy most of our colleagues on both the budget and regulatory reform and the program for the remainder of the week.

So I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 118, S. 343, the regulatory reform bill, and we have 1 hour of debate on S. 343 commencing as soon as we obtain the consent.

Mr. DASCHLE. Mr. President, reserving the right to object, I will not object, but simply to clarify what I understand to be the circumstances.

Senator DOLE, the majority leader, and I have been talking about the opportunity for Senators to discuss the issue of regulatory reform and to do it in the context of S. 343 for the next hour. Then it would be our assumption that we could go back to it again sometime tomorrow and discuss it further. But it is also our understanding that there will not be any amendments offered during this time, to accommodate the effort that is now underway on both sides in good faith off the floor to try to continue to work through some of the disagreements that may continue to exist with regard to the draft that Senator DOLE and Senator JOHNSTON and others have been working on.

It is with that understanding that I think this would be a very good approach and would offer no objection at this time.

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

Mr. DOLE. Mr. President, let me thank the distinguished Democratic leader.

There has been some progress. There have been a number of meetings. I am not certain whether either one of us can stand here and predict that everything is going to be worked out. I would guess the odds are that probably not everything is worked out. But we had a bipartisan press conference today. We think there is an opportunity here for a bipartisan improvement. We may reach a point where we have to say, OK, we will offer amendments and have the debate, up or down, and then proceed with the bill in that fashion.

Mr. DASCHLE. If I could just clarify the majority leader's understanding as I have stated it, is that correct?

Mr. DOLE. That is correct.

I ask unanimous consent that between now and 5 p.m. we debate S. 343, and that the time be equally divided and then we go back to the budget resolution, and all time consumed this evening be subtracted from the statutory time limitation on the budget resolution.

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

SCHEDULE

Mr. DOLE. So, for the information of all Senators, there will be no further votes today. When the Senate completes its business this evening it will stand in recess until 9 a.m. on Thursday June 29, 1995; following the prayer, the leaders' time will be reserved, and there will be a period for the transaction of routine morning business not to extend beyond the hour of 10:30 a.m.

As I understand, there will be a Democratic caucus in the morning at 9:30. So, I think there are requests for morning business. Then perhaps following that caucus the two leaders would have further conversation. Hopefully, we could proceed again for a period of time on S. 343, regulatory reform.

Then also, depending on the House action on the budget conference report, we could eat up more time than the 10 hours. We now have 6 hours remaining on the budget, as I understand it.

So there will be no more votes tonight. We will try to accommodate many of our colleagues who must travel long distances and who would like to depart tomorrow evening. It is our hope that we could work that out. There may be a rescissions package. I understand it is still in negotiation with the White House, with Senator