The majority leader, I was just informed, will ask on tomorrow afternoon—I did not ask unanimous consent but I was just advised that he would ask for permission to withdraw the committee amendments to S. 343 and send a substitute to the desk.

I am not asking that be done. I was just giving the Senate notice because his staff just gave me that notice. I wanted to make the Senate aware of that.

I hope tomorrow we can reassure Senators on matters, or change that which needs to be changed, and get a very broad consensus bill so when we come back after the recess we will have a bill that passes overwhelmingly.

Mr. President, I said a moment ago Senator DOLE intended to put in the substitute tomorrow afternoon. I meant on Friday afternoon, because that is what he meant. I wanted to give my colleagues notice of that.

THE BUDGET RESOLUTION

The PRESIDING OFFICER (Mr. DEWINE). Under the previous order, the Senate will resume debate on the conference report to House Concurrent Resolution 67, the budget resolution for fiscal year 1996.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Mr. President, I rise this afternoon to voice my strong support for the budget conference report, which I believe is a historic document that looks forward and not back; one that promises freedom, not Government servitude; and one that delivers hope and not despair.

Mr. DOMENICI. Mr. President, I wonder if the Senator will yield for a moment?

Mr. GRAMS. Yes, go ahead.

Mr. DOMENICI. Mr. President, I understand we are going to be on this resolution for 1 hour now; is that correct?

The PRESIDING OFFICER. There is not an hour to end the debate, or to begin debate.

Mr. DOMENICI. We will be going back and forth? I ask the Senator, how much time would the Senator like?

Mr. GRAMS. No more than 10 minutes.

Mr. DOMENICI. I yield 10 minutes to the distinguished Senator.

Mr. GRAMS. Mr. President, talking about the budget, this historic budget is a budget unlike any other approved by Congress in more than a quarter of a century because, not only does it balance the budget within 7 years without raising taxes, it actually cuts taxes for middle-class Americans.

It marks the first time since 1969 that Congress has committed itself to a balanced budget, and reflects the change demanded by the voters in November: Get government off our backs and out of our back pockets.

Mr. President, our budget resolution provides $245 billion in tax relief, making it the largest tax refund in history.

I am proud that the centerpiece of the tax relief package will be the $500 per-child tax credit originally proposed by me and my very good friend from Indiana, Senator COATS, in our families-first legislation, and by Representative TIM HUTCHINSON in the House.

Along with my freshman colleague, Senator ABRAHAM, and the leadership of Senator DOLE, we have ensured that this Senate goes on record supporting middle-class tax relief, and incentives to stimulate savings, investment, job creation, and economic growth.

And, Mr. President, this tax relief could not have come at a better time.

Government has become a looming presence in the lives of the American people, mostly through the encouragement of Congress.

Each year, the people are asked to turn more and more responsibilities over to the Federal Government—for Government regulation, for Government support.

From the time they get up in the morning till the time they go to bed at night, there are very few aspects of daily American life that are not touched by the hand of government.

So government has been forced to grow just to keep up.

Consider that government spending at the Federal State, and local levels has jumped from less than 12 percent of national income in the 1930's to more than 42 percent today.

And the burden for keeping these ever-ballooning bureaucracies in operation has fallen on the taxpayers, of course—through more and higher taxes.

As a sign of just how big the Federal Government has grown—and how the number of tax dollars sent to Washington have grown right along with it—look what has happened to the IRS.

Today, it has an annual operating budget in excess of $7.5 billion. If it were a private company, its gross receipts—more than $1 trillion—would put it at the top of the Fortune 500 list.

All that—just by processing tax dollars.

Most middle-class American families pay more in Federal taxes than they spend for food, clothing, and shelter combined.

Families with children are now the lowest after-tax income group in America—below elderly households, below single persons, below families without children.

Since 1948, when Americans paid just 22 cents per dollar of their personal income in taxes, the Gallup organization has asked Americans what they think about the taxes they pay.

That first year, 57 percent of the people said yes, taxes are too high. Today, nearly 50 cents of every dollar earned by middle-class Americans goes to taxes of some sort—and 67 percent of the people say they're handing over too much of their own money to the Federal Government.

They might feel differently if they were getting a fair return on then investment. But Americans see their hard-earned dollars being wasted by the Federal Government. They look at the services they are getting in return and they feel like they are being taken to the cleaners.

The 1993 tax bill offered by President Clinton did not help, either. As the largest tax increase in American history, it hit middle-class Americans right where it hurt the most—their wallets.

The President's 1993 tax hike actually increased their tax burden, making it more difficult for the middle class to care for themselves and their children.

And I remind you—not a single Republican voted for it.

The tax burden has become so heavy in my home State of Minnesota that it took until May 14 this year—134 days into 1995—for us to finally reach Tax Freedom Day.

That is the day when Minnesotans are no longer working just to pay off taxes, and can finally begin working for themselves. Nearly 20 weeks, over 800 hours on the job just to pay Uncle Sam and his cousins at the State level.

In order to pay all these taxes, Americans are spending more time on the job. Within the past three decades, the average American has added about 160 hours annually to their work schedule. That is about 4 extra weeks of work a year.

They are overworked, overstressed, and they are moonlighting more than ever before.

In 1995, one in six Americans holds more than one job. One out of every three is regularly working on weekends and evenings. And it is not because they necessarily want to—it is because they must.

A significant number of families are relying on that second job just to pull themselves above the poverty line and meet their annual tax obligations.

The majority of families who have reached a middle-class standard of living are families relying on two incomes. They are still pursuing the American dream, but the ever-increasing tax burden keeps pushing it out of reach.

Imagine what those longer work hours are doing to the family. Or better yet, listen to taxpayers like Natalie Latzska-Wolstad of Coon Rapids, MN, who struggle with the demands of family life, the job, and the Government—while pursuing their own version of the American Dream.

I went to the floor of the Senate last month to talk about Natalie and her family, after she wrote me a moving letter about the enormous tax burden her family is forced to bear.

It hit home for Natalie after she and her husband met with their realtor, only to learn that they simply could not afford to purchase a new home on their own.

Let me quote just a few paragraphs from Natalie's letter: ''I have finally reached the point of complete frustration and anger over the amount of taxes being deducted from my check each month,'' she wrote.

When we got home that evening my husband and I sat down with our checkbook and our bills and tried to determine what we were doing wrong.

After taking everything into consideration we determined that we weren't spending our money foolishly.

The only real problem we found was when we looked at our paycheck stubs and actually realized how much of our income was going to pay for taxes.

It saddens me to think of how hard my husband and I work and how much time we have to spend away from our daughter to be at work, and still we cannot reach the American dream.

This is a disturbing letter, and I am even more troubled knowing it is just one of hundreds I have received from across the country. I know you have heard some Senator on the floor say: Americans do not want tax relief. I do not know who they are talking to, or who is writing them letters. But I hear something completely different from the people that I get letters from. Here is another example.

From California:

Our families desperately need tax relief, and our Government needs to stop spending so wastefully.

From Georgia:

I want to personally thank you for fighting for tax relief for families. Your efforts do not go unnoticed.

From Illinois:

We are a one-paycheck family struggling to keep our heads above water.

Two of our three children are in a private school. The burden of paying for the public and private school systems is great for us. Nonetheless, we must do what we know to be best for our children.

It is encouraging to know there are members of the government who understand our struggle and are working on our behalf.

From Kentucky:

We realize you are fighting a tough battle and we fully support you on this issue. Keep fighting!

From Oklahoma:

I want to let you know there are a lot of us middle-income heads of households who support you firmly.

And finally from Pennsylvania:

Please continue to keep the pro-family community in mind. The family, its strength, is what keeps this nation strong.

Those are strong words, Mr. President, from people who know what they are talking about.

As somebody once told me, those who say, We don't need a tax cut probably do not pay taxes.

Contrary to 40 years of conventional wisdom in Washington, American families are better equipped and better able than the Federal Government to spend their own dollars. And they need the tax relief offered in the budget resolution more than ever.

When we first introduced the idea of family tax relief and the $500 per-child tax credit in 1993, our arguments were simple: taxes were too high, the burden of tax increases fell disproportionately on the middle-class, and big government was forcing more workers out of the working class and into the welfare class.

Today, those same problems remain, and the arguments for tax relief have not changed, either. The big difference, however, is that this year, with this Congress—with this budget resolution—we are finally doing something about it.

The $500 per-child tax credit takes money out of the hands of the Washington bureaucrats and leaves it in the hands of the taxpayers. It would return $25 billion annually to families across America, $500 million to my Minnesota constituents alone.

And it is truly a tax break for the middle class. We will ensure that 9 out of every 10 dollars of this tax relief go to families making less than $100,000.

That is not the wealthy, Mr. President. That is middle-class America.

The Clinton administration and the Treasury Department have tried to refute our tax relief numbers.

Without dwelling on the inherent bias in asking the President's own Treasury Department to examine a Republican budget plan, let me just say that our budget figures are based on numbers provided by the nonpartisan Congressional Budget Office and the Joint Tax Committees.

Members of the President's own party have called on him to use CBO numbers—numbers which clearly show middle-class taxpayers benefit most from our tax relief.

Along with tax relief, the other important aspect of the budget resolution is that we have balanced the budget.

For decades, Congress has offered up budgets which raised taxes, sent government spending spiraling out of control, and created massive deficits.

They built up a national debt of nearly $5 trillion because Congress thrives on spending other people's money.

But who gets stuck with the bill?

Not this generation. No, we are passing this debt on to our kids and grandkids.

Even the Clinton administration, despite all its talk about shrinking the deficit, has washed its hands of the problem.

Under both of the President's budget plans, the deficit would increase from $177 billion this year to well over $200 billion through the next decade, and add another $1.5 trillion to the national debt.

When the voters ushered in a new political reality in November, they soundly rejected business as usual in Washington.

They looked to the Republicans for an alternative, for a budget that could turn back 40 years of spending mentality and the belief that ''money will fix everything, especially if it's your money and Washington can spend it.''

Today, we have delivered.

We crafted a document the naysayers said could never be achieved—a resolution that brings the budget into balance by the year 2002—and it is proof that we are serious about living up to our pledge.

And we have done it without slashing Federal spending, without putting children, seniors, and the disadvantaged at risk.

Most of our savings are achieved by slowing the growth of Government.

Will there need to be some sacrifices? Yes, although the Government will have to sacrifice more than the people will.

Will belts need to be tightened? Yes.

But a belt that is not tightened today may become a noose tomorrow, a noose around the necks of our children and grandchildren.

As I hear over and over from Minnesotans: The American people are willing to make those sacrifices—if they believe their Government is serious about making change.

At long last, America has a Congress that is serious.

Mr. President, what we do with this budget resolution, we are doing for the taxpayers who silently foot the Government's bills—the average men and women who get up every morning, send their kids to school, go to work, maybe at more than one job, and pay their taxes every year.

They are the forgotten middle-class families, the people who have for too long borne the burden of Federal overspending.

The taxpayer have watched their money vanish and then reappear in the form of some lavish Federal program which benefits few but the bureaucrats themselves.

Mr. President, is it fair to ask these middle-class Americans to endure greater economic hardships if we continue to do nothing?

Is it fair to expect middle-class Americans to endure greater economic hardships if we continue to do nothing?

Is it fair to expect middle-class Americans to do without, when their Government has never had to, if we continue to do nothing?

Is it fair to enslave the children of middle-class America with our debts if we continue to do nothing?

If each Senator in this Chamber asks themselves those very questions, the budget resolution will pass and it will be an overwhelming victory—a victory not for this Congress, but a victory for the people.

Thank you, Mr. President. I yield the remainder of my time.

Mr. DOMENICI. Mr. President, I understand that Senator BROWN was next.

How much time is the Senator going to use?

Mr. BROWN. I would like 10 minutes.

Mr. DOMENICI. I yield 15 minutes to Senator BROWN. And then following that, we will go to Senator FRIST if there is no Democrat who wants to be heard.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. I thank the Chair.

I wish to start this discussion off with a tribute to a Senator who has been on the front line in this fight for a long time. Senator DOMENICI's brilliant efforts not only helped put together a package that has not been put

together before in this Senate, at least during the last quarter century, but he brought people with widely diverse views into agreement over a plan that will rescue America. This is a bailout for America's finances. I believe it is due in large part to an enormous amount of dedicated effort by the Senator from New Mexico.

Mr. President, I said bailout of America's finances. That is not an overstatement. That is precisely what I meant.

For those who are listening, let me share with you why I believe that is true. The chart on my left is a simple, straightforward chart on the amount of money this country owes.

Mr. President, let me quickly acknowledge these are not numbers that an accountant would use. There is no CPA firm in the country that would show this as the amount we owe. It is far from what we owe. It does not use sound accounting principles that are generally accepted, but it is the numbers that we use. It does not show our contingent liabilities. It does not show a wide balance sheet. But this is the net amount, if you are in the marketplace to borrow each year, and it is significant in that it is the amount that American working men and women have to pay interest on each year.

What we have seen for a quarter century is a continuous growth line of budget deficits. They go up in bad times and down slightly in good times, but they continue to grow and grow and grow and grow.

Mr. President, what is depicted here is nothing more on a straight basis than the amount we owe coming from the lower levels in the 1950's, rising to almost $5 trillion. That is roughly $40,000 for every working person in this country.

Let me put it in perspective. That is every man, woman and child who has a full-time or a part-time job owes over $40,000 for their share of the national debt. What is significant is that they have to pay the interest on that every year. Before a penny goes to support their family, before a penny goes to support their parents or their children, before a penny goes to pay the necessities of life, they have to come up with the interest on over $40,000.

The problem is that this amount is expected to explode even higher. Any reasonable person, Democrat or Republican, liberal or conservative, who can look at these numbers, who can look at this chart, who can look at the forecasts that have been put in place, cannot but conclude that this problem has to be solved. It is not a question of can we wait until tomorrow. It is not a question of can we hide from it. It is not a question of can we refigure it in a way that will not look as bad. It is a simple, straightforward question that we are at a point now where the deficits are in a runaway fashion, and if we fail to address it, if we fail to acknowledge it, every American, rich or poor, will be poorer because of it. The predominance of the American economy in the 20th century will be lost. Our ability to be able to finance our debt, our very ability to borrow in the international marketplace will be destroyed.

I believe people who do research of this type cannot help but notice what has happened to the value of the dollar in this crisis has gotten worse. The value of the dollar has plummeted. As a young man in the United States Navy when I visited Japan, the dollar would buy over 400 yen. And as we speak it is in the neighborhood of 85. It used to be, at the end of the war, that the dollar would buy 5 deutsche marks. As we speak it is about 1⅓.

The trend is not good. The reality is the financial crisis that has gripped our country has seen the rapid depreciation of the value of our currency. We have turned the biggest trade surplus in the world's history into the biggest trade deficit in the world's history. We have turned the greatest creditor nation in the world into the biggest debtor nation in the world.

I honestly believe that unless we address this problem, what we will face is a drastic, almost catastrophic financial failure of this Nation.

The good news is that this budget does address it. This budget does give us a plan, and it gives us a commitment. It involves a proposal to revise the programs when reconciliation bill comes before this body.

Some will say it is too harsh, and some, like me, will say it is too weak; it is not strong enough; we ought to do more; we ought to end the deficit in the next year or two and not wait 7 years. But the political reality is that this is a budget that can pass. This is a budget that will solve the problem. It is a moderate proposal, but it is essential. We do not continue to have a viable financial circumstance for this Nation as a whole if this problem goes unaddressed.

The normal process is for the President of the United States to come forward and recommend a budget. One may fairly ask: What did the President recommend in light of those astronomic increases in the deficit?

Here is what the President suggested. He suggested huge increases in spending each year for the next 5 years, and proposed increasing the annual deficit from what was then estimated as $177 billion for 1995, increasing it each and every year up to $276 billion in the year of 2000. Now, that is reestimated by the Congressional Budget Office over the next 5 years.

Members will note that what we have talked about is a 7-year budget that not only comes into balance but provides a surplus. But the President's plan for this Nation was not to reduce the annual deficit but to increase it and to increase it dramatically. I believe that had we followed the President's course, the U.S. finances would be comparable to those of Orange County today. What the President had prescribed was a plan for fiscal disaster for this Nation and a poorer life for every working American and higher interest charges for every working American to pay, and, yes, a further decline in the value of the dollar.

Some will say: Well, the President stepped forward and revised those figures and, instead of proposing continuous, increasing deficits, advocated balancing the budget within 10 years. Indeed, all Americans have heard the President speaking on TV, talking about he proposes a balanced budget in 10 years and the Republicans in 7 years. So what are we talking about? In fact, he even said his was far more humane.

Mr. President, I wish to address that because the President of the United States himself has indicated that the Congressional Budget Office is the one that ought to be the arbiter of these figures.

The Congressional Budget Office did evaluate his figures. They did come back and tell us what the President's revised proposal was. It was not a $276 billion debt increase in the year 2000, as he had originally proposed. What he proposed was something that involved a 10-year budget, but in the 7th year it called for a $210 billion deficit.

Mr. President, here is the proposal: Continuous rising debt, continuous rising spending by the President and a deficit by the year 2002, a deficit increase by the year 2002 of $210 billion.

The agreement that is before this body is a surplus proposal for that year of $6.4 billion—a $210 billion increase in the deficit versus a $6.4 billion surplus.

Some will say: Wait a minute; that is not what the President said. He said he wanted it balanced by the end of 10 years.

Mr. President, the figures are not what he said in his rhetoric but what they total up to when you have an independent Congressional Budget Office review them.

The reason I mention all of this is because this body faces a choice. It faces a choice of whether we vote yes or no on this budget resolution.

Let me remind the body of what the choices that have been presented are, and they are the only alternative choices out there. One is to balance the budget in 7 years and have a $6.4 billion surplus. The other is the President's revised plan that calls for a $210 billion deficit and a failure to address the problem in the following years. Mr. President, there is no choice. And that is the bottom line of what we consider here today. It is either fiscal disaster, continuing increases in deficits and debt, a higher and higher burden for every working American, or it is a responsible plan that slows the growth of spending.

Now, Mr. President, some may say, ''It slows the growth? I thought you were cutting?'' Mr. President, on this chart we see what this budget does. It modestly increases spending each year and modestly reduces the deficit each year, attaining a surplus by the year 2002.

Some will say, ''Wait a minute. Let us talk about real numbers and real figures. What does this budget really do?'' We have heard, and it has been said nationwide, that the President says we slashed and cut Medicare. Mr. President, that is false. That is inaccurate. That is not true. That is not a fair representation of the facts of this budget.

Now what are the facts of this budget? Medicare in 1995 spends $158 billion. Medicare under this plan by the year 2002 will spend $244 billion. Medicare will increase over the distance of this plan by $317 billion on a net basis and $349 billion on a gross basis.

Some will say, ''Wait a minute. Medicare increases? I thought you were cutting it.'' What this budget plan calls for is a slowing of the rate of increase in Medicare. It does not call for a cut in Medicare. It calls for a huge increase in Medicare. Let me repeat it. On a gross basis, this budget calls for a $349 billion gross increase over 7 years in Medicare spending. To depict it as a slash in Medicare is simply inaccurate. Literally over the next 7 years we will spend $1.6 trillion on Medicare. And total spending on Medicare in the next 7 years will be 73 percent higher over the next 7 years than it has been in the past 7 years.

I hope as Americans listen to this debate, they will have firmly fixed in their minds that what this budget does is to increase Medicare spending, not cut it. It also slows the rate of increase in Medicare spending, so that it is less likely that the trust fund goes bankrupt. For those who think we ought to increase spending even faster than this budget does, I hope they will accept the burden to come here and explain what they do when they bankrupt the trust fund, how they provide health care, because, Mr. President, that is the bottom line for the debate on health care. Yes, you can spend up all your savings account, but what happens when it runs out? That is what this budget attempts to address.

Now, some have said we will cut Medicaid. What are the facts? Medicaid spent $89 billion in 1995 and will spend $124 billion a year by the year 2002. Medicaid spending will rise $149 billion on a net basis. It will spend a total of $772 billion in the next 7 years. The total spending in the next 7 years on Medicaid will be 73 percent higher than it was in the past 7 years.

Well, perhaps by now people are saying, ''Wait a minute, I have heard all the numbers. What is bottom line?'' The bottom line is the rhetoric by those naysayers that say we cannot change anything. The bottom line is, what they have used to describe and attack this budget has not been accurate. The bottom line is, what we have seen is a misdescription of what this budget does.

Mr. President, lastly what I heard some of the detractors say is, this budget provides a huge increase in defense spending. Mr. President, if you look at the numbers, I think they speak for themselves. Defense spending goes from $270 billion in 1995 to $271 billion in the year 2002.

The PRESIDING OFFICER. The Chair will advise the Senator his time is expired.

Mr. BROWN. I ask unanimous consent that I have an additional 4 minutes.

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

Mr. BROWN. Mr. President, the reality on defense spending is that between now and the next 7 years, compared to 1995 defense spending, it will drop $13 billion. It will not increase; it will drop. Some will say, ''Wait a minute. It might have dropped more under other plans.'' That is absolutely correct. But let me remind the body that that $13 billion drop is a drop in stated dollars and not adjusted for inflation. If you viewed it in constant dollars, it would be much more dramatic dollars. Could we save more in defense? My view is we could, and should. But to say this is a bad budget because it increases defense spending simply flies in the face of the real fact.

Now, Mr. President, I want to put back up the chart we started with, because I think it displays in cold, hard facts the reality of this debate. Do we adopt a budget that brings us into balance? Or do we go on as we have? Is the status quo that the President advocates good enough? Or do we need to take strong, firm steps to slow the growth of spending and bring the budget into balance and restore fiscal soundness?

Mr. President, I believe there is no choice. I believe there is no choice because there is no alternative before the body. If you select staying with the status quo, you not only condemn American working men and women to carry a burden of interest payments and debt that will cause the greatest economy in the world to stagger and fall, you not only foment a fiscal crisis, but you deny the men and women and the children and their children and their great grandchildren any possibility of having a competitive economy in the years ahead.

There is no choice on this budget, Mr. President. It is either adopt a reasonable plan to move this budget into balance or offer the status quo that the President has advocated and see the future of our children and grandchildren lost. Great nations and great societies have arisen in abundance on this Earth. They abound around the globe. The glories of the Samarian society and the Egyptian society are renowned in the textbooks of history. The Greek civilization brought great advances to mankind. Perhaps few have achieved the dominance of the Romans. There was a time when French glory spread its influence around the world. And there was a time when the Sun never set on the British Empire.

Each nation in its turn has had its time in the Sun. And now, Mr. President, the question is whether or not the Sun will set on the greatest experiment in democracy in the history of mankind—the United States of America. This budget offers our children a future.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. I yield such time as may be required for me, which I will take from our side.

Mr. President, I rise today, first, to commend my colleagues on the Budget Committee who participated in the conference on the budget resolution. I was not a member of the conference, but as a member of the Budget Committee, I certainly appreciate the hard work that went into this package from Members in both Houses of Congress.

Second, I want to express my strong support for this package and to point out why the reforms Republicans have outlined in this plan are vital to America's future. This is truly a historic budget agreement, one that will achieve balance in 2002 for the first time in almost three decades. And this budget is fair. It slows the growth of Federal spending. Even President Clinton has now agreed that we must balance the budget and that we must change our spending habits if we are ever to restore the long-term health of this country.

Mr. President, as a physician, I would like to focus on the health care spending aspect of this budget agreement, because I think it is critical for each and every American to understand exactly what the Republicans have proposed. But first I would like to commend the conferees on coming to an agreement with respect to tax relief for hard-working Americans.

The conference agreement ensures that we get to balance by first locking in spending cuts and then, and only then, by cutting taxes to put hard-earned dollars back into the hands of the working families and small businesses of the country.

I look forward to working with the Finance Committee to craft the specifics of the Senate tax relief bill which I hope will, indeed, include family tax relief, as well as capital gains tax cuts. These reductions will greatly benefit the American family and the American economy.

Mr. President, the most important provisions of the budget conference agreement in my mind are those which address the growth in the Medicare and Medicaid Programs. Like the earlier resolution passed by the Senate, the budget resolution conference report sets forth outlay levels for Medicare spending that are based on reforms necessary to preserve and protect Medicare. These new spending levels will require structural changes in our Medicare system, changes which will improve the system, will improve the delivery of care, changes which are absolutely essential to ensure that Medicare will be solvent in the year 2002 and beyond.

By beginning the process of reform to avoid bankruptcy in the short-term, we will be on our way toward structural reform that will ensure Medicare's long-term viability so that this program, which is so important to many seniors and individuals with disabilities, will be there for years to come.

Yet, even though these reductions in the growth of Medicare spending will certainly require change, it is important to understand that both total spending and spending for each Medicare beneficiary will continue to grow over time, will continue to increase at a rate well above that of inflation.

Total spending grows in Medicare from $178 billion in 1995 to $274 billion in the year 2002. That is an average annual growth rate of 6.4 percent in the Medicare Program, which is twice as fast as the average projected inflation rate over the next 7 years.

More importantly and easier to understand, I think, and I will refer to this chart next to me, is that the Medicare per capita spending in this conference agreement—that is, how much we are spending per Medicare beneficiary—increases over time. A Medicare beneficiary today will have spending associated of $4,816 in 1995, and in this conference agreement, that will increase by the year 2002 to $6,734. This is not a cut, this is an increase from 1995 to the year 2002 for each individual in the Medicare Program, from $4,800 to $6,700. That is a 40-percent increase over 7 years. Even after accounting for inflation, that is a 12-percent increase per person in our Medicare Program over these 7 years.

These numbers show two things. First, the Republican budget takes care of our seniors. The conference agreement increases spending for each Medicare beneficiary so that we can continue to provide access to high-level, high-quality care for our seniors and disabled citizens.

Second, these numbers show that the Republican budget is responsible by requiring the Medicare Program to be improved and to be restructured, it strengthens and preserves the fiscal viability of the program for our Nation's seniors now and for generations to come.

Finally, the conference agreement strikes the right balance on Medicaid as well. Currently, the growth in Medicaid is simply unsustainable. Medicaid comprises nearly 20 percent of State budgets. In my own State of Tennessee, Medicaid accounts for 25 percent of the overall State budget, $3 billion of a $12 billion State budget. If left unchecked, Federal spending on Medicaid will double by the year 2002. It is simply not sustainable.

The conference agreement gradually slows the rate of growth in the Medicaid Program from over 11 percent now down next year to 8 percent, gradually down to 7, 6, 5, and then 4 percent by the year 2002. Still, total Federal spending on the Medicaid Program will be $773 billion over the next 7 years.

Again and again, Governors all across this country have told us that if we strip away the regulations, if we increase flexibility and return control of these programs in Medicaid over to the States that they will be able to institute reforms to achieve these levels of Federal spending.

Mr. President, the States are the entities responsible for managing the Medicaid Program, and I am confident that the levels agreed to in the budget resolution conference report will be attainable.

I wanted to outline the specifics of the Medicare and Medicaid spending today, because I do believe it is important, critical that we look at the facts and not just get lost in the rhetoric. The rhetoric that we have heard today, and will likely hear tomorrow, undoubtedly will continue to surround our consideration of this agreement as we hear that there are tax cuts being taken on the backs of the elderly and the poor. This representation really ignores the problems that are inherent in our Federal health programs that do need to be improved, that do need to be changed. And this representation is, in my judgment, an inappropriate response to an impending crisis that is staring us in the face.

Again, I am proud of my colleagues and honored to be a part of this historic occasion.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BUMPERS. Mr. President, the great French philosopher Voltaire once said, ''History doesn't repeat itself, men do.'' So here we go again, precisely as Voltaire said, plowing the same ground, the same way we did in 1981, and it will be a few years from now before we can stand on the floor and say, ''I told you so.''

In 1981, I stood right here at this desk and fought like a saber-toothed tiger to keep us from quadrupling the deficit. But there was a herd instinct that swept across this floor, and only 11 Senators—only 11—stood up for common sense.

What did we get? We got a deficit which grew to $290 billion in 1992, and which accumulated over the years into today's $4.6 trillion national debt.

This chart shows what the Republicans promised in 1981. They were going to balance the budget in 1983, no later than 1984, and here is where they said the deficit would go—down toward zero. Between 1984 and 1985, they said, we would have a balanced budget.

''How do you reach a balanced budget?'' we asked. ''You double defense spending and cut taxes,'' they said. That was their method of balancing the budget.

What happened? Here it is. By 1983, we had a $200 billion deficit. Even those of us who were terrified by the 1981 budget changes would never have guessed that could happen.

David Stockman, President Reagan's head of OMB, wrote a book about that.

Here it is. It is called ''The Triumph of Politics,'' and he wrote it in 1986, after the damage had been done. In the book he says that the 1981 Reagan budget plan was all done on the back of an envelope. Where were the numbers coming from, he asked? People kept putting things on his desk that he did not understand.

Stockman was a friend of Senator MOYNIHAN because he had studied under Senator MOYNIHAN while in college. And in his book, Stockman relates a conversation he had over dinner with the Senator and Mrs. Moynihan on September 24, 1981 after the damage of the Reagan tax cuts had already been done. Stockman says he told MOYNIHAN, ''You guys on the hill are going to have to rescue this. We went too far with the tax cut and now I can't get them to turn back.''

And MOYNIHAN responds, ''I am not sure whether anything can be done about it.''

And so the damage continued to pyramid. In 1992, Bill Clinton was elected President. President Clinton came to this body in 1993 with a proposal to raise taxes by $250 billion and cut spending by $250 billion, and we passed it, without one single Republican vote in the House and without one single Republican vote in the Senate.

And this chart shows where the deficit was when President Clinton made his proposal. It was headed for a $300 billion deficit in 1992. We had nearly a $300 billion deficit. The Republicans said the Clinton proposal would be a disaster for the Nation and would bring on a terrible depression. The predictions were ominous and endless. But what happened? The deficit, the first year, went from $300 billion to $255 billion; the next year, to $203 billion; and this year to $175 billion, without one single Republican vote.

So here we are. We cannot stand to admit the success of that. So we have this budget here. I daresay I could walk down the streets of Little Rock and pick out 535 people at random, bring them to Washington, put 435 in the House and 100 in the Senate, and I promise you that we could come out with a better budget, a more compassionate budget, and a fairer budget, than this one.

I heard a Congressman say the other day that there is ''plenty of pain in this for everybody.'' Really? Pain for everybody? What about Members of Congress? Where is their pain? Where is the pain of people who can afford to send their children to school without Pell grants and student loans?

The one thing that will restore some sense of decency, civility, culture, and social fabric in this country is education. You can stand on this floor and

moralize all you want. You are not going to force people to go to church by moralizing with them. You are not going to force people to quit having babies out of wedlock by moralizing with them. You are going to solve all of these problems by educating people. The one thing Joycelyn Elders said—and it is not popular to quote her these days, but this is worth repeating—when they asked, ''What are you going to do about this generation?'' She said, ''Nothing, they are already lost. I am going after the next generation.'' Well, I do not totally agree with that, but I can tell you that is where our money ought to be spent—on the coming generation.

So what are we going to do? Cut $11 billion out of education for the next 7 years and stand back and ask why our children are not learning.

What else? Why, we are going to deny 350,000 children the right to Headstart. Everybody knows what Headstart means to children, particularly from poverty areas. So what are we going to do? Sorry, we are closed.

What else? Two things that we fund here are, for some reason, such an anathema to most Republicans. I watch public broadcasting and Discovery and Arts and Entertainment. I do not watch sitcoms. I do not know any of those people. I do not say that boastingly. It just does not interest me. I have an intense curiosity about everything, and I am interested in knowledge; I want to learn all I can before I die—and that is not too far away. But I am still curious about everything, so I watch the Learning Channel and the channels where I am likely to learn something, not the channels where I know I am not going to learn anything.

So what do the Republicans propose? Eliminate PBS. Eliminate the National Endowment for the Arts. ''Well, Senator, you favor pornography, or you must if you favor the National Endowment for the Arts.'' No, I do not favor pornography. But I am hot to keep the Arkansas symphony afloat. I am hot to keep the Arkansas Repertory Theater afloat. I am hot to see people in small rural communities of this Nation get exposed to Shakespeare now and then. I deplore the Mapplethorpe exhibit as much as the Presiding Officer or any other Senator. It is like welfare—eight percent rip off. You cannot design a program that somebody is not going to corrupt.

So two of the few civil, decent culturally enriching things in this Nation, public broadcasting and the National Endowment for the Arts, they go on the block.

Earned-income tax credit. You think about the earned-income tax credit, which everybody considers to be the greatest program ever invented to keep people off welfare. This is where people who make less than $28,000 a year get a refundable credit of up to $2,200 a year, on a sliding scale. We make money off of it because we keep them off welfare. Is that what DALE BUMPERS says? No. That is what Senator DOMENICI, chairman of the Budget Committee, said. What did he say about the earned income tax credit? ''It is a great way to help families with the costs of raising their children. It sends assistance to those in need; to those who work hard and yet struggle to make a living and provide for their children.'' That was Senator DOMENICI, not DALE BUMPERS. This is what Senator PACKWOOD said: ''A key means of helping low-income workers with dependent children get off and stay off welfare.'' Those are Senator PACKWOOD's words. This is what President Reagan said: ''The best antipoverty, the best profamily, the best job creation measure to come out of the Congress.''

So what do we do to that? About $21 billion is whacked off of it in this budget resolution.

Family values. I must tell you that I get sick listening to the moralizing about family values from the same people who choose to torpedo the best program we have going to help families stay together and stay off welfare.

What else are we going to do? We are going to sell the Presidio, the most magnificent piece of property left in America. The old Fort Presidio goes on the auction block.

What else? We are going to sell the naval petroleum reserves, which we have always relied on in a time of military crisis. The naval petroleum reserve. We are going to sell it to the highest bidder.

What else? We are going to privatize all those people who are in the towers at the airports who guide our planes. We are going to privatize them. It will run for profit in the future—not for safety necessarily, but for profit.

What else? We are going to sell the Uranium Enrichment Corporation and the Power Marketing Administration which make the Government money. We will get a pretty good amount of revenue in the year that we sell those programs, but then we will fail to get the annual revenue that we are getting now.

What else? We are getting down to the bone now, Mr. President. We are going to cut Medicare $270 billion. How are we going to do that? We are going to reform Medicare. How are we going to reform it? Nobody knows. Nobody has said.

We can either bankrupt every rural hospital in America, which we would do in my State, cut doctors' fees to the point they do not want to participate in the program anymore, or assess every single Medicare recipient in the country $3,345 over the next 7 years.

Medicaid, the poorest of the poor, we are going to increase 4 percent. It has been increasing by 10 percent. What will happen? We will do block grants to the States and we will have 50 different programs for Medicaid.

Mr. President, all 100 people who sit in this body get a nice fat check every month, $133,000 a year. A lot of them never dreamed they would make that much. I guess I am one of them. We get $133,000 a year. We have a nice, fat, cushy pension waiting to retire. But we have a health care plan second to none. Any doctor or hospital in this city is more than pleased to see a Member of Congress come in because they know our plan will pay for everything.

But do you know what we forget? We forget that 37 million people in this country are over 65, and 50 percent of them go to bed terrified at night for fear they will get sick and not be able to pay their medical bills. We in Congress have no such fears.

What are we going to do? We are going to give a $245 billion tax cut. Not a middle-class tax cut. I cannot believe people have the temerity to call this a middle-class tax cut. This tax cut, at least the House tax cut, goes to virtually the wealthiest people in America.

What in the name of God are we thinking about? Seventy percent of the people of this country say, ''Don't spend that $245 billion on tax cuts.'' If you can come up with $245 billion, put it on the deficit.

Mr. President, what is next? Defense—the Senate Armed Services Committee is this day marking up a bill that is calculated to do one thing: that is to gin up the cold war one more time. More B–2 bombers. For whom? Whom are we going to bomb? Even new battleships—two battleships. All kinds of things the Defense Department, even the Joint Chiefs of Staffs, say they do not want. We in Congress will teach the Joint Chiefs a thing or two about military battles.

Imagine Senators telling old people we are cutting Medicare by $270 billion and telling poor people we are cutting Medicaid by $180 billion. What do we say to the Defense Department? Have it all; just have what you want. Do you want to kill the ABM treaty so the Russians have no choice but to start rearming? Do you want to build all the weapons systems that really have no meaning in today's world? Here is the proof of the pudding.

The United States is spending $280 billion this year, counting the Energy Department's budget, on defense; the eight biggest military nations on Earth outside NATO—Russia, China, North Korea, Iraq, Iran, Libya, Syria, Cuba, our most likely adversaries—the combined total budgets of all eight nations is $121 billion.

We are spending twice as much in the United States alone as our eight most likely adversaries combined. When we add NATO spending of $250 billion, the United States and NATO are spending four times more than all these nations combined. Mr. President, this sounds like sheer lunacy, because it is.

In a few days, the Budget Committee will send over all their mandatory spending instructions to the committees to report back to them by September 22. Then CBO will certify that the budget really will be in balance in the year 2002. Then the Budget Committee

will tell the Finance Committee, ''Come up with a big tax cut of $245 billion over the next 7 years,'' and then the Budget Committee will combine all of this mandatory savings legislation with a tax cut bill, and it is all going to be passed in one fell swoop.

What does that mean? That means that we will pass a tax cut this fall. We will pass this budget, and all the appropriations bills that go with it, and then we will be free to have an immediate tax cut.

Then next year, it will require only 51 votes to undo every bit of our balanced budget. If we have a recession, a war, if we have a trade war, earthquakes, hurricanes, floods, every Senator in this body will fall all over himself to vote to pay for every bit of it, and there goes our balanced budget because we will have already passed a $245 billion tax cut.

Mr. President, we are back to square one. I know my time is about to expire. I wanted to say some other things. I just want to close by making a couple of observations.

This budget is guaranteed not to solve the problems of this Nation. This budget tells the American people only one thing: That it has been crafted with the utmost cynicism to keep people's attention diverted just long enough to get this tax cut passed.

When we pass a tax cut, think of who will feel the pain. Here is the chart. On capital gains alone, 76.3 percent of the capital gains tax cuts will go to the wealthiest 5 percent of people in America—76 percent to the wealthiest 5 percent of people in America. If that is what America is about, somehow or another, I missed it all. You could not hold a gun to my head and make me vote for this budget. I yield the floor.

Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time consumed by the quorum not be charged against the resolution.

The PRESIDING OFFICER (Mr. ABRAHAM). Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. 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. PELL. Mr. President, it should come as no surprise that the budget resolution which has come back to us from conference is far worse and more dismaying in its impact than the version which passed the Senate on May 25.

What I said when I voted against the resolution the first time applies now with even more force: This budget is a plan for the evisceration of progressive government as we have come to know it in the past 40 years. Sadly, it marks the end of an era of high intentions and decency and compassion in public policy.

On of the worst provisions of the conference report, from my point of view, is the mandatory cut of some $10 billion in education programs, notwithstanding the fact that the Senate last month voted 67–32 to restore $9.2 billion to this account.

The conference cut in education will substantially increase the indebtedness that students incur to pay for college tuition, adding some $4,000 to $5,000 to the cost of an average student loan. It could well mean that literally millions of students will have to trim, defer or even drop their plans for college.

A number of important education programs—such as Safe and Drug Free Schools, Goals 2000, School to Work Opportunities, Head Start, Pell grants, the National and Community Service Act and Vocational Education—could well be subject to severe funding reductions and even elimination.

At a time when our Nation needs a more educated and better prepared workforce, these education cuts mean we would be moving in precisely the opposite and wrong direction.

Similarly, Mr. President, the conference report's outline for spending on foreign affairs, the so-called 150 account, indicates that over time, there will be significant cuts in funding for U.S. foreign affairs agencies, personnel and assistance programs; there will be an enormous reduction in U.S. financial support for the United Nations and U.N. peacekeeping missions; and there will be major constraints on the ability of the United States to conduct diplomacy and exert influence abroad.

If we follow the prescriptions in this budget plan, the United States will be unable to exercise leverage over or work cooperatively with the international community to resolve conflicts, advance our interests, or promote democratic and free market principles.

I am particularly disturbed by the potential impact of the budget plan on our ability to contribute to the United Nations. Having just returned from the 50th anniversary celebration of the United Nations, I am once again reminded of the tremendous contributions that the United Nations has made to support and advance U.S. foreign policy goals, and of how useful a tool it could be for the United States in the future. I am not so naive as to profess that the United Nations has always lived up to its potential, but for every example of failure that are numerous countervailing examples of success.

These cuts will set us squarely down the road toward retrenchment and withdrawal. If we choose to go this route, we will do grave disservice to the next generation of Americans. At the end of World War II, we chose not to yield to the temptation of isolationism, and our country prospered as it never had before. I think we should have learned our lesson by now.

These cuts in education funding and in the foreign affairs account typify the great differences in priorities and values which distinguish the opponents from the proponents of this resolution. All of us agree that many Federal programs should be trimmed or restructured or phased out altogether. But we have significant differences over where the axe should fall.

I for one think that far more critical attention should be given to modifying and reducing the elaborate defense and security structure which in many ways is a casualty of its own success in the cold war.

I am dismayed that the conference report comes back to us with even greater allowance for defense outlays than we originally provided. As I see it, we should be spending far less on defense and more on domestic social programs.

The same might be said for the vast hidden budget of our intelligence apparatus which I note spent some $10 billion in its unsuccessful efforts to estimate the state of the Soviet economy, the collapse of which it failed to anticipate.

Mr. President, as I indicated last month, my differences on the budget go deeper than priorities. I continue to question the basic premise that the Federal budget must be brought into absolute balance in a specific time frame.

And I particularly question the wisdom, indeed the sanity, of providing for tax cuts at the very time our objective should be to bring revenues and expenditures into balance. It seems preposterous that the budget resolution now comes back to us with a provision for tax cuts of $245 billion, notwithstanding the Senate's decisive rejection by a vote of 69 to 31 of the Gram amendment last month.

For every dollar of opportunistic tax cuts provided by this resolution, an offsetting dollar must come from some other source. The designers of this budget actually propose to borrow funds in the next few years to make up for the lost revenue, and then the impact will fall on school children, college students and Medicare recipients among many others.

This seems like a strange way indeed for a modern society to manage its affairs. A far better way, it seems to me, would be to make judicious cuts, reduce the deficit to reasonable proportions and, if necessary, raise additional revenues to preserve worthy programs.

We should not loose sight of Franklin Roosevelt's wise dictum that ''Taxes, after all, are the dues that we pay for the privileges of membership in an organized society.'' In the end, we get what we pay for.

OPPOSITION TO DEFENSE FUNDING LEVELS

Mr. GRASSLEY. Mr. President, I have asked to speak at length on this conference agreement to raise some serious reservations about the funding levels it contains for defense. I appreciate Chairman DOMENICI's cooperation in allowing me this time.

I would like to say first that I will vote for this conference report. I spoke

at length earlier today about the positive aspects of this budget, and why it's needed for this country's future. Whatever reservations I have about the defense numbers, they are secondary to the main priority—which is a credible, balanced budget.

To me, the explosion of debt sanctioned by Congress over the last three decades is unconscionable. It has become a moral issue with me. We are mortgaging our children's future by failing to act responsibly now. It has to stop. The goal of this conference agreement is, in fact, to restore responsibility to our fiscal policy. And that's why I support the conference agreement despite my opposition to the defense budget levels.

Let me also say that I strongly supported the Senate budget, including the defense numbers. To me, the Senate's version of the budget we passed in May was the most credible budget passed by this body that I have voted for. There was no smoke and mirrors. Just sound, tough choices. And as I have done before on this floor, including today, I want to once again commend Chairman DOMENICI for his outstanding leadership in crafting that budget.

Having provided that context, Mr. President, I would like now to address the defense issue.

The conference report pumps $40 billion into the defense budget over the next 7 years. There are two justifications given. First, the defense budget is ''underfunded.'' Second, we need more money for weapons so we can have more money for readiness.

Neither argument has credibility, in my view.

The defense debate is often dominated by fancy buzz words and phrases. Two examples are: First, the defense budget is ''underfunded''; and second, we cannot sacrifice ''future readiness'' for current readiness. These are the phrases being used. But what do they mean?

What I plan to do is explain these arguments in terms the taxpayers can understand. That way, they can see how they are getting ripped off.

First, the underfunding argument. This argument cites a gap between the level of funding for programs in the defense budget, versus the realistic cost of those same programs when the bills come due. It says more money is needed to fund everything that's in the defense budget.

This argument is bogus. The fact of the matter is, more money would not be needed if the defense managers were to manage their programs properly. The funding gap cited in the conference agreement is future cost overruns that happen historically because defense managers are not doing their jobs.

The defense budget is not underfunded; it is overprogrammed. The cost of what is in the budget is deliberately underestimated. That way, the bureaucrats can squeeze more programs in. It is a bait-and-switch game that would make the best of the con artists green with envy.

Once they get all the programs stuffed in by underestimating their cost, they turn around and say: ''Gosh, we need more money to pay for everything we just crammed in there.''

If it were not for the conscious game of deliberately underestimating costs to shoehorn more programs into the budget, the term ''underfunding'' might be legitimate. But that is not the case. The fact that it is a deliberate scheme to game the system is why it is really a case of overprogramming, not underfunding.

For example, when Republicans accuse President Clinton of using rosy economics to balance the budget—therefore, claiming his budget really is not balanced—we are accusing him of not making the tough choices. By assuming a rosier revenue stream, he is trying to fit more programs into the Federal budget, and make fewer cuts. It is poor management and leadership. It will lead to higher deficits. In his case, our accusations are justified.

It is the same with the defense budget. That is why I call the defense budget a ''blivet''—5 pounds of manure in a 4-pound sack. The question is, after they pull this bait-and-switch routine, do we give them a bigger sack, or do we ask them to manage their manure better?.

Interestingly, Mr. President, I used this argument to successfully freeze the defense budget in 1985—during the height of the Soviet threat. If the argument was successful then for spending less money, why would we use it now to argue for more money, especially when the threat is gone?

Simply put, those who are using the argument now to justify more spending do not understand the issue.

The Defense Department has a history of playing the overprogramming game. I first uncovered it in 1983, and used analysis of that problem to show how more money was making the funding gap worse. The answer was not more money, but rather better management. Using that argument, we froze defense spending in 1985, and it has been plateaued ever since.

The overprogramming gap was bad back in 1983, and it hasn't gotten any better. The data confirm this. The conference report language acknowledges that the problem is still with us. But what the report does not do is present a logical case for why an argument that once was used to justify less spending and better management, is now used to justify more spending in place of better management.

If my colleagues were to respond correctly to this problem, we would say better management must substitute for more money. That means taking away a pound of manure, rather than getting a bigger sack. Better yet, preventing the excess manure in the first place is what we want. That is proper management. If all we do is keep getting a bigger sack, we're rewarding bad management.

It is a game. It is a game mastered by crafty bureaucrats to extort taxpayer money out of Congress. In reality, by doing what is argued for in this conference agreement, we would be covering the cost overruns that will result from putting in more money.

You see, the cost overruns have not occurred yet. They will occur each of the next 7 years, if business is conducted as usual. Putting $40 billion more in the defense budget guarantees that business will be as usual. And we will get $40 billion of cost overruns as a result.

Now, let me address the second argument used by the conferees. It is really just another symptom of the problem I just described.

The second argument goes like this: More money lessens the need for Pentagon decisionmakers to sacrifice future readiness to meet current readiness requirements.

''Current readiness'' means spare parts, fuel, and training. ''Future readiness'' means procurement. This argument simply means that DOD managers do not want to have to manage and prioritize. As cost overruns due to bad management occur in each of the next 7 years in weapons accounts, the managers don't want to have to rob the readiness accounts to pay for the weapons. That is what they used to do. But that would hollow out the force. Instead, this time they want more procurement money to cover the cost overruns.

When you hear the cry for more money for things like ''procurement'' or ''modernization'' or ''future readiness needs''—all of which are fancy buzz words—those are euphemisms for putting in more money to cover cost overruns. It says, ''We are not going to manage better. We have run the defense budget this way for decades, and we're not going to change now.''

That is the attitude that troubles me, Mr. President. What troubles me even more is that the new Republican Congress is willing to tolerate it. We are treating it as a sacred cow. Worse. We are treating it as a sacred fatted cow.

Why is it that Members on my side of the aisle send their management principles on a vacation whenever the defense budget is mentioned? We scrutinize every other program for better performance. But when it comes to the defense budget, it is a jobs jamboree. A pork paradise.

It is hypocritical. It undermines our credibility as a party. We are not willing to tolerate business-as-usual in any corner of the Federal Government, except for defense. On defense, we worship at the altar of the sacred fatted cow.

I want to make it clear, Mr. President, that my colleagues in the Senate did not have this attitude, for the most part. It was mainly those of the other body. During the conference, we met with our counterparts in a very important defense discussion. Afterward, we

reached a compromise on the defense numbers.

I do not intend to mention names. But I would like to relay a couple points that were made by House leaders in defense of pumping up the defense budget.

The first argument was the pork argument. At the time of the defense meeting of conferees, the relevant House committee had already completed work on this year's defense bill. If the conferees did not pump up the numbers, it would mean going back to Members of Congress and saying we would have to go back on our promise to fund this project or that program.

Now, when a Member of Congress is faced with a choice like that, guess what he or she will do? The choice is, go along with the pumped-up defense numbers, or we'll cancel this project in your district. And that'll mean jobs.

What kind of national security strategy is this, Mr. President?

Everyone knows, the defense budget is justified by a national security strategy. We've all heard of the two-war strategy. The defense budget is built on a strategy of fighting and winning two near-simultaneous wars in different parts of the globe.

Now, I am not so naive to think there's any real tight connection between a national strategy and our defense budget. But at least our defense community usually goes along with the gag. They pay lip service to the connection, even though we all know the defense budget is as much a big pork factory as it is a generator of fighting capabilities. If we did not pay lip service, there would be no justification for budget increases, and hence no credibility.

In this case—in my discussion in that defense meeting—there was not even lip service. It was unadulterated realpolitik. The justification for more defense spending was more pork ad more jobs. Period.

The other comment that was made was the recognition that a national security strategy is no longer the basis of our defense budget, since the cold war is over. So what, I asked, is the justification for the present budget, let alone vast new increases. The answer I got was that more defense spending is needed because the United States must police the world. And we are the only ones who can do it.

My question is, how in the world can that justify the spending levels in this agreement? If anything, it undermines it. This defense budget is still based on an obsolete, cold war strategy. We are still buying cold war relics. Before this conference agreement, we were on a path toward a post-cold war budget. But with this influx of money, we are now returning to the cold war budget in a post-cold war era.

If we are now going to be policemen of the world, why are we still buying things that were specifically designed to counter the Soviet threat, not to police the world? We are still buying Seawolfs and B–2's and F–22's and Comanche helicopters, and the like. If we are supposed to now police the world, why are we buying these? The fact is, this argument does not justify these larger defense numbers.

Another argument is that the defense budget is not going up, we are simply trying to freeze it, and keep it from going down. But this is not a credible argument. And it never has been. The defense budget is based on a national strategy, at least supposedly. If the budget declines, which would be consistent with the disappearance of the Soviet threat, what is the problem? There should not be a problem—unless, that is, we view it as a port factory with jobs attached.

Mr. President, there is no logical basis for the defense numbers in this conference agreement. The arguments are bogus, and they reflect a lack of serious, credible justification.

As I mentioned earlier, I support the conference agreement because I believe it will lead to a legitimate balanced budget in 2002. And I am willing to accept the defense compromise if that's what it takes to get an overall agreement.

But I am taking this opportunity to warn my Republican colleagues not to repeat the mistakes we made in the 1980's with the defense budget. In the 1980's, our goal was not a defense build-up. It was a defense budget build-up. We ended up buying much less with much more than we got and spent under the Carter administration. That's because we substituted more money for better management. We lost credibility as a party because of it.

As the party that now controls Congress for the first time in 40 years, we are right back where we were in 1981. Our defense policy, as reflected in this conference agreement, is to once again build up the defense budget, not defense. It is to, once again, create jobs, not a lean fighting machine.

I have been given assurances by Members of the other body that defense reforms are forthcoming. After concentrating this year on health care reform, the top reform priority of the other body next year will be major defense reform.

By inference, my colleagues are admitting that they will tolerate business-as-usual with the Defense Department—at least for 1 more year. I am here to warn my colleagues that 1 year is all they will get. One year to conclude that better management will win out over more money, as a solution.

Because if there is not a change next year to doing business-as-usual in defense, then I will expend everything in mu arsenal to bring sanity to our defense policy. Just like I did from 1983 to 1985, when I ended the irrational defense budget buildup under President Reagan. It was my amendment on this very floor on May 2, 1985, by a vote of 50–49 that ended the insanity back then. And I will do it again.

Even if it takes me 2 full years to do it, like it did back then. And I will win. Because it is not right to have a double standard—one for defense, and one for the rest of Government. All that will do is hurt the credibility of our party. And I do not want that. Because in my view, our party is the only one that can restore hope and opportunity for the next generation.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak therein.

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

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE CORPORATION FOR PUBLIC BROADCASTING—MESSAGE FROM THE PRESIDENT—PM 58

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

As required by section 19(3) of the Public Telecommunications Act of 1992 (Public Law 102–356), I transmit herewith the report of the Corporation for Public Broadcasting.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *June 28, 1995.*

MESSAGES FROM THE HOUSE

At noon, a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 38. Concurrent resolution authorizing the use of the Capitol grounds for the Greater Washington Soap Box Derby.

The message also announced that the hose has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 18. Concurrent resolution authorizing the Architect of the Capitol to