retires, he is going to have to borrow the money.

According to Conrad-Dorgan, however, unless he declares his debt to be $100,000 rather than $75,000, he has looted his retirement account. But it matters not a whit what Smith declares his debt to be. It is not his declaration that is looting his retirement. It is his borrowing (and over-spending).

Similarly for the federal government. In fiscal 1994, President Clinton crowed that he had reduced the federal deficit to $200 billion. In fact, what Conrad calls the ''operating budget'' was about $250 billion in deficit, but the Treasury counted the year's roughly $50 billion Social Security surplus to make its books read $200 billion. According to Conrad-Dorgan logic, President Clinton ''looted'' the Social Security trust fund to the tune of $50 billion.

Did he? Of course not. If Clinton had declared the deficit to be $250 billion and not ''borrowed'' $50 billion Social Security surplus—which is nothing more than the federal government moving money from its left pocket to its right—would that have made an iota of difference to the status of our debt or of Social Security?

Whether or not you figure Social Security in calculating the federal deficit is merely an accounting device. Government cannot stash the Social Security surplus in a sock. As long as the federal deficit exceeds the Social Security surplus—that is, for the foreseeable forever—we are increasing our net debt and making it harder to pay out Social Security (and everything else government does) in the future.

Why? Because the Social Security trust fund—like Smith's retirement account—is a fiction. The Social Security system is pay-as-you-go. The benefits going to old folks today do not come out of a huge vault stuffed with dollar bills on some South Pacific island. Current retirees get paid from the payroll taxes of current workers.

With so many boomers working today, pay-as-you-go produces a cash surplus. That cash does not go into a Pacific island vault either. In a government that runs a deficit, it cannot be saved at all—any more than Smith can really ''save'' his $25,000 when he is running a $100,000 deficit. The surplus necessarily is used to help pay for current government operations.

And pay-as-you-go will be true around the year 2015, when we boomers begin to retire. The chances of our Social Security benefits being paid out then will depend on the productivity of the economy at the time, which in turn will depend heavily on the drag on the economy exerted by the net debt that we will have accumulated by then.

The best guarantee, in other words, that there will be Social Security benefits available then is to reduce the deficit now. Yet by killing the balanced budget amendment, Conrad-Dorgan destroyed the very mechanism that would force that to happen. The one real effect, therefore, that Conrad-Dorgan will have on Social Security is to jeopardize the government's capacity to keep paying it.

Having done that, Conrad-Dorgan are now posing as the saviors of Social Security from Republican looters. A neat trick. A complete fraud.

Mr. DOMENICI. Mr. President, we all understand that the unified balanced budget is what has been used ever since Arthur Burns was chairman of the Federal Reserve Board. It is still used today. It is used by the President, it is used by the Federal Reserve Board, it is used by the Congressional Budget Office. What it essentially says is, if you put everything on budget, including not just the Social Security trust fund, but the myriad trust funds, that is the unified budget. Do not take some off and put some on; put it all on. With it all on, we are in balance.

I suggest—and it may come as a surprise—that we might even be able to show you, before the debate is finished, that in the 10th year we may be balanced—let us take Social Security balances off budget. We may be very close to getting there, under the projections of the Congressional Budget Office.

Having said that, let me talk about just two other things. My colleague from New Mexico took to the floor and spoke about education, relating with some specificity to my State and his, New Mexico. Let me make sure that we all understand what we are talking about. Let me try my best to make sure everybody understands about education. First of all, we appropriate 1 year at a time. There are no binding caps on appropriations for 1997, 1998 or 1999. Congress will do that each year, unless and until we set some legislative targets.

So let me talk for a minute about where we are in 1996, if everything works out the Republican way. Can we do that? In the year 1992, for the latest official data, total public spending on education programs in the country was $292.2 billion. So on top of that figure, you add $100.5 billion for the private education.

Get this: The Federal education budget, the U.S. Government helping or hindering education—whichever the case may be, but it is money spent—we spent, in 1992, $28 billion on the national Government's education participation. That is 7.2 percent of what is spent in the country on education—7.2 percent. So let us remember when the Federal Government says we are not going to spend quite that much, we are reducing 7.2 percent of the education budget of our schools, not the 100 percent, because the 100 percent is paid by local governments, by the State; 7.2 percent is paid by us.

Today, 3 years later, the percentage has declined to about 6.2 percent. The Federal Government's education component is 6.2 percent of what we spend as a nation. Here are the facts about the year 1996. The Senate-reported education and labor bill provides $22.3 billion for education programs in 1996—nearly $1.5 billion higher than the House-passed bill. The Senate-reported education appropriations bill is a grand sum of less than $400 million below the Federal contribution in the year 1995—$400 million less. Guess what that is in the percent reduction, Mr. President, of education in America? While we are trying to balance the budget, everybody takes a little bit of a cut, it is one-tenth, Mr. President, it is one-tenth of a percent; one-tenth of a percent of all of the expenditures on education is what the Senate did in the Labor education bill. It reduced it by $400 million—one-tenth of 1 percent.

As the President speaks of education, as Senators speak of education, would anyone believe we are talking about, in the Senate-passed education bill, reducing the level of expenditures on education into which we now, as a nation, spend $400 billion, roughly?

We have reduced it $400 million—one-tenth of 1 percent—1996 or 1995. That is not what anyone would understand from the statements that are made. We will wait until 1997 and 1998 and 1999 and see how those counts come out.

For the year 1996, that is it—one-tenth of 1 percent reduction under the Senate's proposal in education funding.

Mr. President, I have a number of other things I will save for later discussions. There is a huge misunderstanding around about the earned income tax credit and how it relates to the $500 per child tax credit. We have now figured it out and we will put it out for everybody to understand.

The one big thing right off for those wondering what we will show you when we put it all together, the President's child care tax credit goes up to 13 years of age and was $300. You had to take the earned income tax credit first and then apply the $500 after—very big difference than ours.

We take the $500 credit before the earned income tax credit and it turns out very, very few people get less than they did in 1995. The overwhelming percentage of Americans with children get a very significant tax cut, EITC changes or not.

I yield the floor.

RECONCILIATION

Mr. FORD. Mr. President, I was listening to the debate by all of our Senators and how well words are used and how well numbers are used.

We see this big board that is here—you may take it down; it should not be on the floor after the Senator has left, anyhow—that the budget is balanced. The budget is balanced under the proposal. That is the reason we can give a $245 billion tax cut; the budget is balanced. If you take $245 billion out of it, it is unbalanced. Figure it any way you want to. I have a balanced budget, but all of a sudden I have an expenditure that I did not account for, so my budget is out of balance.

Anybody sitting around the kitchen table at night trying to figure up their bills, has a balanced budget, then all of a sudden they have a doctor bill, have a car that breaks down, whatever it might be; therefore, their budget is out of balance.

Instead of a medical bill or car breaking down, they want to give a $245 billion tax cut.

We hear about cutting education, only just a minimal amount—$400 million is $400 million. The distinguished occupant of the chair and other Senators here know States that put up anywhere from 60 to 70 percent of their general fund in that State to education. Every little bit of help makes

education better, gives the States an opportunity.

Talk about private education—sure, the big companies, corporations give to their private institution of higher learning. What about the State institutions? We have 55,000-plus students in Kentucky that get some kind of grant or loan to go to school. Now we will reduce those or eliminate them or make them higher at the end, and we will lose somewhere in the neighborhood of 600,000 Pell grants in my State.

They say, well, we will increase Pell grants by $100. That is true. But you will knock out from 600,000 down, so eliminate my students that have an opportunity to have a little bit to get over the hump.

It is the same way with the earned income tax credit. We have a poor family out here struggling to get into the middle class at $27,000 annual income, a family of four. You tell him you cannot have any credit for working, you cannot have any help for working, you cannot have any help to get over the poverty line. So we will cut that out.

They say, CBO said we would balance the budget. That is true, but then you will take $245 billion out of it. I hear a lot about what the President said about taxes; he may have taken too much or gone too far. Let me say this, Mr. President. In my State, after I voted for that package in 1993, those who paid taxes in 1992, 12,500 of my constituents, according to the information I have, paid increased taxes—12,500 filers in 1992 paid more for 1993. Mr. President, 315,000 of my constituents paid less. Everybody else paid the same. We reduced the budget by $500 billion, and by that we reduced interest rates, and that made a $600 billion reduction.

We eliminated or reduced over 300 programs in the Federal Government; going to remove 272,000 Federal bureaucrats, and we are on the way—close to 200,000 less than in 1993.

I thought that was a pretty good vote and I thought the path had been drawn pretty clear. I do not believe the Republicans would be here today with their deficit reduction tax cuts—all these things—if we had not cast that vote in 1993 to make this country better.

We hear a lot about Social Security and Medicare and the commission that reports it. The commission reported a year ago that we would have solvency problems in Medicare a year earlier. Now it is a year later. We are in better shape.

For a small amount we can take care of Medicare as it is for a decade. We have always taken care of the problems in Social Security and Medicare.

So now we hear they will cut Medicaid. Medicaid is what the middle-income, if you want to call it that, $35,000 to $75,000 income—most of them, after they spend everything they have, they are on Medicaid in a nursing home.

About August they will pick up the phone and say, ''WENDELL, come get Dad. We have run out of money.'' ''WENDELL, come and get Ma. We have run out of money.'' Do not worry about that; that will never happen, they say.

They have reduced the regulations on the nursing homes, and the statement was that you can sedate these old folks in nursing homes. They will be easier to handle and you can have fewer employees. That is exactly what got the Federal Government in the nursing home regulation business in the first place—the damage that was being done to our elderly that we were trying to help.

When you begin to look at the morass of what we are getting ready to vote on and shove down our throats, you will find in the days to come that there will be a lot of words that were said on the other side, how great it will be, take our money, put it in stocks and bonds. You get on the stock market one of these days and you will have problems. Pension funds; use them. Do all these things. This is one Senator that is not going to vote for it.

I hope that the question that the distinguished Senator from North Dakota asked the chairman of the Finance Committee or the Budget Committee the other day, where is the meat? Where are the hearings? We do not have any hearings. Are you afraid to debate it? I am not afraid to debate it. But you come here on the floor with public relations house statements, statements that are written—I have the book sent to all the Republicans. Everyone has one. Here is what you say when asked this question. Here is what you say when asked that question. If they do not ask this question, you raise this. All from the public relations house.

Mr. President, I know my time is up, and I wish that we would have more time when reconciliation comes up so we could really look at it in depth, but we are going to be limited, we are going to be limited.

I yield the floor.

AMBASSADOR REED DELIVERS U.N. SECRETARY-GENERAL'S MESSAGE IN HIROSHIMA CITY

Mr. PELL. Mr. President, on August 6, 1995, U.N. Under Secretary-General Joseph Verner Reed attended the Hiroshima City Peace Memorial Ceremony in Hiroshima, Japan, where he delivered a message on behalf of U.N. Secretary-General Boutros Boutros-Ghali.

As many of my colleagues will recall, Ambassador Reed has an accomplished, remarkable record of service in the United States Government, including serving ably and with distinction as the United States Ambassador to Morocco and as Chief of Protocol. Ambassador Reed is now dedicating his talents to the United Nations, where he serves as Under Secretary General and Special Representative of the Secretary General for Public Affairs.

In his introductory remarks to the Secretary-General's message, Ambassador Reed asked that we remember and praise the determination of the Hiroshima community to rebuild in the destructive aftermath of the war, and to work for nuclear disarmament and a nuclear test ban.

As a longtime advocate, friend, and supporter of the United Nations, and as one who has tried to work for a world free from the threat of nuclear weapons, I believe the ceremony in Hiroshima was a particularly important and compelling event.

In my view, the remarks by Ambassador Reed, and the message he delivered on behalf of Secretary-General Boutros Ghali, help to set precisely the right tone for the event. Mr. President, I commend those remarks to my colleagues and ask unanimous consent that they be printed in the RECORD.

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

REMARKS BY AMBASSADOR JOSEPH VERNER REED

Mr. Prime Minister, Mr. Mayor of Hiroshima, Excellencies, ladies and gentlemen, friends, 50 years ago today life on our planet Earth was changed forever.

The Hiroshima City Peace Memorial Ceremony is a highly symbolic and extraordinary event. For me, both as an international civil servant at the United Nations and as an American, today is a very emotional and significant day. I am very proud to represent the United Nations and Secretary-General Dr. Boutros Boutros-Ghali at this 50th Peace Memorial Ceremony in the year of the 50th anniversary of the United Nations. On this day, let us remember the first words of the Charter of the United Nations: ''We the peoples of the United Nations, determined to save succeeding generations from the scourge of war . . .''

On this day, let us remember the determination of the citizens of Hiroshima to rebuild their lives and to overcome war. Let us praise their determination to work for nuclear disarmament and nuclear test ban.

On this solemn day, let us take to heart that there is a time to remember, a time to heal and a time to look forward. Hiroshima is living proof of man's ability to recover from the most horrible destruction and that gives hope to our planet.

The crushing coda to the most violent war in history altered global politics and war. The bomb introduced a new age of terror—the Atomic Age; a whirlwind was sowed.

The international community has to make sure that there is no reason ever again to employ destructive nuclear force. The United Nations, your United Nations, needs you, the citizens of Hiroshima, the people of Japan.

Ladies and gentlemen, let me now bring you a message from the Secretary-General of the United Nations, Dr. Boutros Boutros-Ghali:

''Today's is a poignant anniversary. Fifty years ago the infinite capacity of the human mind was given proof. And we saw how the skills and talents of man could harness the mysteries of science itself, to purpose that could be ennobling or to purpose that could simply destroy.

In that sense, this is an anniversary to remind us of what we can do and just how far it is possible for us to go. We saw that on the sixth of August, 1945. But in the sunlight of the awakened day, new realisations emerged, new resolves were fashioned. And this is also a commemoration of the will not necessarily