Shalikashvili, who is also appointed. These are the ones in charge of the four services, and it took a lot of courage. We do need it and it took courage.

''Where is the money going to come from for all these,'' the Senator said. If he had been listening, I outlined a program we have been talking about for several years now. The Heritage Foundation and others came up with it. If we take all our Government programs and not eliminate one program, but only expand each one by 1.5 percent, we would be able to balance the budget and have the tax cuts that we have talked about that Americans desperately need.

That is not realistically what is going to happen, but we could do it, and I would live with that in a heartbeat, a 1.5 percent increase in the defense budget. We have cut our defense budget 11 consecutive years. We are down now below the level where we were in 1980 when we could not afford spare parts. So that is significant.

THE DEFICIT

Mr. INHOFE. Mr. President, I am going to wind up here. I will only mention the last thing that was stated by the Senator from North Dakota in response to something the distinguish Senator from Texas, Senator HUTCHISON, said this morning.

When she started in business, she made it grow, and it was difficult. He said, ''I bet you started with debt.''

''Yes.''

The difference is this: The business Senator HUTCHISON is talking about and the businesses that are started with debt have to pay that debt back. We do not, and that is the difference. Our debt just accumulates, and that is why we are looking at $5 trillion. The difference is, they pay it back, and we do not.

Getting to the comments made by the distinguished senior Senator from Kentucky—and I think so much of him; I have held him in very high regard—we just disagree philosophically.

When he talked about the deficit reduction programs of 1990 and 1993, yes, one of those was a Republican President. In 1990, it was George Bush. I disagreed with him at that time, and I even went on ''Nightline'' and talked about how we should not have caved in to the Democrat-controlled Congress. As a result of that one cave-in by President Bush, he lost the election.

The next one is 1993. In 1993—he can call it a deficit reduction plan—it was the largest single tax increase in the history of public finance in America or anyplace in the world, and that is not a quote from conservative Republican JIM INHOFE, that is a quote from Senator DAN MOYNIHAN, who was then chairman of the Senate Finance Committee.

So you look at these things in a different light. I would just say to those who are holding on to the past and those who do want to have business as usual and want to go back to and continue the social revolution of the middle 1960's, those days are behind us.

The last thing I will say, I hope that the Senator from Kentucky did not mean it when he implied that I impugned his integrity. All I was doing was quoting him, and regardless of how we interpret the quotes, I do not think he wanted me to quote his entire statement that was page after page.

But I will say this: These are the two resolutions we talked about. The Senator from North Dakota said that does not include the amendment by Senator NUNN. I think you are talking about the judicial review amendment. I suggest to you that, verbatim, that same amendment was offered and passed by Senator Danforth in 1994. So we have identical resolutions, and regardless of whether the distinguished Senator from Kentucky was quoted or misquoted, he still supported this back then, as the Senator from North Dakota did, and opposed it yesterday.

I yield the floor.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

SOCIAL SECURITY

Mr. SIMPSON. Mr. President, I very much appreciate the presence of Senator DORGAN of North Dakota. He and I have had spirited discussions about Social Security, but we respect each other. I certainly do. I told him that. I told him whenever I had a pain in my bosom with regard to his activities, I shared it exactly and expressly with him, which I have always done. It is good that maybe the two of us have a moment to at least speak on an issue which surely cannot continue to go in this fashion, where two thoughtful people, as the Senator from North Dakota and I hope your loyal communicator here, are continually just totally in opposition while many who deal with the Social Security Program are telling us what is happening to the program and where the money goes.

So, if I may, in a series of questions, and then let us have the debate which we never had, because I will come to the floor and do my thing and leave and get on to the seven committees I go to, and the Senator from North Dakota comes to the floor and gives his good and able presentation and then leaves the floor.

Let us just, may I, go back to where you have been. You were on the House Ways and Means Committee in 1983. In 1983, Senator DANIEL PATRICK MOYNIHAN and company, a bipartisan group—I believe Senator DOLE was part of that group; I do not recall all of the participants—they came together knowing that Social Security was going to go broke, totally broke, and that it would go broke within a very short time. So they met in good faith, in a bipartisan way, and they put together a package, as you described—and I address the Chair, as my friend addressed yesterday—they put together a package which provided for increased payroll taxes, it provided for some benefit restructure, it did something with the ''notch babies.''

Remember, we had to deal with that one for about 12 years, and it was an absolute phony argument. Talk about the froth that goes with Social Security. We finally, when that vampire came out of the silk casket one more time, drove the stake through it and through the lining, hopefully, and that is the end of it. We do not hear any more about it from the National Committee for the Preservation of Social Security and Medicare or the AARP or any other group, because it is a dead issue, staked through the heart.

Yet, it created tremendous concern around America in what was happening. Because of the adjustment made in 1983, we found that the people who were born before that certain cutoff date had received much, much more than they ever should have received, far above the replacement rate of Social Security. We corrected that, and then had 10 years of background clutter and flak and shelling from these various groups. That is over.

But what we did do—and we must all use the same facts. We do not have to share the same opinion, but we must use the same facts. If anyone will remember, you need only go to the report where we were told that when we did what we had to do in 1982 and 1983 with Social Security, it would ''save the system and make it solvent until the year 2063.''

If there is anyone within the range of my voice who says that that was not the final package—what we did, our stuff, tough political stuff, that when we did that, we would ''save the Social Security System till the year 2063.'' That is book, page and hymn number. Done. OK.

What has happened in the next 13 years? It is now 1996, and each and every year that the trustees issue their annual report, we are told that Social Security is going broke faster than we ever would have dreamed. And yesterday—just yesterday—we have the 1996 annual report. This is a summary. The actual report is here. It is quite extensive. My staff has been through it. I hope that all of us will enjoy this weekend reading. It is just a joy.

But I tell you what it does. It tells the truth, and I will tell you who is telling us the truth. The truth-tellers are Donna Shalala, a woman I have the greatest respect for and admiration; the truth-givers are Robert Rubin. He and I have not agreed on many things, but I admire him. Robert Reich, my fellow thespian—our line of work takes us away from this. We intend to ''trod the boards'' starting in Peoria. Robert

Reich, a very splendid man. And then a citizen member of the trustees, Marilyn Moon; a citizen trustee, Stephen Kellison; and Shirley Chater, Commissioner of Social Security.

What are they telling us? They are telling us that Social Security will go broke, flat broke, in the year 2029, I say to my colleagues. So in 13 years, we have moved the doomsday date of Social Security forward from 2063 to 2029. Thirty-four years of this cushion has been eaten up in 13 years, and everybody knows that. There is not a soul in this Chamber who does not know that. There is not a soul downtown who does not know that.

Are we saying then, all is well? Of course, it is not well. Next year the trustees may come in and tell us that it will go broke in the year 2025. It has been happening in increments of 3, 4, 5 years a crack. That is reality.

Yesterday, in a spirited little bit of dialogue, I presented a chart, a most unique chart. Let me do it one more time. This is the Social Security Act. I did not write this. This is section 201(d) of the act.

If we are going to say that somehow we are looting, raiding, and pillaging, then please tell me, please, where is this taking place? If we mean looting or raiding to put the Social Security surplus into T-bills, which are then sold by the Federal Government, and the general revenue goes into the General Treasury, and when the interest on the T-bills comes out and is paid on the T-bills to those who own them, if that is looting or raiding, we need a new definition.

If we defeat the balanced budget amendment—which is what has occurred—is it not true that the Social Security surplus will still be put into T-bills? The answer is, it does not matter one whit whether we pass or defeat a Social Security amendment to exclude it. This will go on like Old Man River, and no one can stop it unless they wish to change this section.

So what does the section say? ''It shall''—shall—''be the duty of the managing trustee to invest such portion of the trust funds as is not, in his judgment, required to meet current withdrawals.''

Stop there.

There is a surplus in Social Security. Some say it is $29 billion, some say it is $69 billion. Forget what they say. It easily could get to $2 trillion by the year 2010. Then, in the year 2012, it starts its tremendous swan song. We all know that. The trustees are telling us that.

So it matters not whether the reserves get to $1 or $2 trillion. There is nothing that is going to change whether you pass a balanced budget amendment or not with regard to those funds.

I will go on quoting. ''Such investments may be made only'' —there is no option, no election process—''in interest-bearing obligations of the United States or in obligations guaranteed to as to both principal and interest by the United States * * * Each obligation issued for purchase by the trust funds under this subsection shall be evidenced by a paper instrument in the form of a bond, note, or certificate of indebtedness issued by the Secretary of the Treasury * * *''

I do not think that is too much mumbo-jumbo for all of us to deal with the issue of Social Security. That is what it says. That is what we do with it. That is what FDR and the Congress had in mind for us to do with it.

But now one more subsection. The Social Security Act, section 201(f). We must hear this. We must all follow the law. That is our duty. That is really maybe the only duty we have here, to follow the law and try to craft laws that are understandable to the American people.

''The interest on, and the proceeds from the sale or redemption of, any obligations held in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall''—shall—''be credited to and form a part of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, respectively.''

And then this, if we can all hear this. We do not have to agree. We do not have to fire up each other.

> Payment from the general fund of the Treasury to either of the trust funds of any such interest or proceeds shall be in the form of paper checks drawn on such general fund to the order of such trust fund.

That is what it says. And this section has been addressed in the report which came to us yesterday.

Let me read from the summary. This is the summary of the Social Security trustees. Here is a very precise, small paragraph that says this, if I can share this with my friend from North Dakota.

> In all trust funds assets that are not needed to pay current benefits or administrative expenses (the only purposes for which trust funds may be used) are invested in special issue U.S. Government securities guaranteed as to both principal and interest and backed by the full faith and credit of the United States of America.

That section is not changed one whit whether we include or whether we exclude Social Security from a balanced budget amendment.

Every penny, every single penny of the trust fund is left in exactly the same condition, whether you pass a balanced budget amendment or not.

It is most extraordinarily remarkable to suggest that we can ''save'' or ''protect'' Social Security from this by simply separating it from a balanced budget amendment.

Here is the language—I hope this is not a surprise. I want to be sure my colleague hears this language. If I could get the attention of my friend from North Dakota. I think it is very important that I share this language. I do not want it to be a surprise.

This is language from yesterday's report. I do not know if the Senator's staff has read this. My staff went through it during the night. I have to do this kind of work because they have made me the chairman of the Subcommittee on Social Security and Family Policy. I did not really seek that task, but like all of us who do good work—and the Senator does with his subcommittees and my good friend from Kentucky does with his—we try then to keep absolutely current. Here is the language from the report of yesterday.

It is very important. This, yesterday, became open to the American public. Here is what it says: ''As noted in section 2(b), the portion of the OASI trust fund that is not needed to meet day-to-day expenditures is used to purchase investments, generally in special public debt obligations of the United States Government. The cash''—this is a quote from yesterday's 1996 annual report, page 78 and 79—''The cash used to make these purchases becomes part of the general fund of the Treasury . . .,'' ladies and gentlemen.

We all know that. We have known it since Franklin Delano Roosevelt wrote it and put it in section 201.

''The cash''—that is cash that is not needed. That means the surplus. That means the excess. That means whatever you want to call it. ''The cash used to make''—I am quoting— ''The cash used to make these purchases becomes part of the general fund of the Treasury and is used to meet various Federal outlays.''

Does that mean that we have looted it or raided it or pillaged it? I think not, not when we are looking at the specific language of the act and the trustees' report.

I am continuing to quote.

> Interest is paid to the trust fund on these securities. And when the securities mature or are redeemed prior to maturity, general fund . . .

If I may get the attention of my friend from North Dakota. We never get to get this done. I am going to stay, too, because I think it is very important that he and I do not leave the Chamber until the American people know a little more than they do now about how we are looting or pillaging or raiding the Social Security system, which is not taking place under any scenario known to man or woman.

Quoting again.

> Interest is paid to the trust fund on these securities. And when the securities mature or are redeemed prior to maturity, general fund revenues are used to repay the principal to the trust fund. Thus, the investment operations of the trust fund result in various cash flows between the trust fund and the general fund of the Treasury. And currently the excess of tax income to the OASI trust fund over the fund's expenditures results in a substantial net cash flow from the trust fund to the general fund.

Finally the quote:

> Sometime after the turn of the century, as shown in the following subsection, this cash flow will reverse.

It is detailed in horrendous, horrendous factual figures. ''This cash flow will reverse as trust fund security''—let me show you how it will reverse.

This is the annual operating balance of the Social Security trust fund in billions of dollars. If that is not a reversal from today's $60 billion surplus. I think it is more today—my colleague may disagree—and then it drops like a rocket through the basement. This is the annual operating balance of the Social Security in billions of dollars. In the year 2000 it is $1 trillion operating balance. This is the figure. This is from the Social Security Administration, 1995.

Mr. FORD. Will the Senator yield?

Mr. SIMPSON. I am happy to yield to the Senator.

Mr. FORD. Mr. President, we will say that everything my friend has said is accurate. I do not question his sincerity or his statements. We will take it from that point on.

Under statutory provisions, we cannot use Social Security funds as it relates to deficits, budgets—it is off budget. That is 13301. I am sure you are familiar with that. Now, in the balanced budget amendment, we are allowing, based on the statement of the senior Senator from Oklahoma yesterday, that this is a tax and an expenditure and, therefore, it ought to be part of the balanced budget amendment to the Constitution.

What is the underlying fear, as I listen to the Senator from Wyoming, and the underlying fear, I say to my friend, of this Senator is that if we allow the money to be used to reduce the deficit, and when we have the leadership on your side—not necessarily the majority leader but other leaders in the budgetary category—tell us how much of the Social Security trust funds will be used if the amendment to the Constitution is passed to balance the budget, then we accelerate your fear here of the reduction of the surplus in the Social Security.

If the Social Security continues on its merry way, as you have so aptly described, going downhill, will we not accelerate that if we use, as we were told in handwriting that we are going to use, $147 billion from the trust fund, at least the last 2 years, would that not make it depleted at a much earlier date?

Mr. SIMPSON. I always enjoy a spirited discussion.

Mr. FORD. This is not spirited.

Mr. SIMPSON. It will be before we finish.

Mr. FORD. I doubt it.

Mr. SIMPSON. I enjoy that because he and I, even as deputy assistant leaders for 10 years or near that amount—there was not anybody that I treated with more deference, or who dealt with me more fairly, honestly, and directly.

Where I am, Mr. President, is this: We are being told in this debate that these funds are being looted or raided. This may not be your debate, but this has been part of a continual debate about the looting or raiding or using this. I am saying, based upon the law of the United States, that any surplus in these funds is ''used'' and goes directly to the general fund, that there is no trust fund in that to be looted, to be raided. It is a series of great stack of IOU's. That is what we have here.

Mr. FORD. Mr. President, by ''IOU's'' you are talking about T-bills that are paid to constituents like you and me. We might be down to the E bonds or the smaller ones but the T-bills are the IOU's in there, and we have by law sold them or loaned that money to the Federal Government in return for T-bills plus interest to be paid at a definite period of time and the trustees are required to have that flow of money.

Am I correct in that?

Mr. SIMPSON. That is correct.

Mr. FORD. So you refer to—you say we are looting.

Mr. SIMPSON. I did not say that.

Mr. FORD. No, you quoted others saying ''looting,'' and now the Senator from Wyoming is using the words ''IOU's'' for T-bills. It is just a matter of how you express yourself.

Mr. SIMPSON. I believe I have the floor, if you are asking an inquiry.

Mr. FORD. I am trying to give you my reasoning for the question.

Mr. SIMPSON. If you could, I would like that.

Mr. FORD. I understand, and you are doing well in the balcony right now. There are more giggles up there than on the floor.

Mr. SIMPSON. I am trying to do something for my grandchildren.

Mr. FORD. I have tried the grandchildren.

Mr. SIMPSON. If the Senator would pose the question, I would appreciate it.

Mr. FORD. Where was I? What I am trying to say is that if the constitutional amendment is passed and then ratified by the States, and then we amend the Constitution on the balanced budget amendment, and that would do away with statutory provisions as it relates to the trust fund, and therefore as those who have the responsibility of budgeting here in the Senate, to recommend to us as Senators, say they will use *x* billions of dollars of the Social Security trust fund to balance the budget. Do we do away with statutory law when we amend the Constitution?

Mr. SIMPSON. Mr. President, I cannot see any format where a constitutional amendment, which would take years to ratify—all we are doing is sending this to the States, if we did do it, and let them decide. I know of nothing in my background that would lead me to believe that we would have done anything with section 201 of the Social Security Act, either F or D or any provision therein.

Mr. FORD. But you would be able to use the funds held in trust, for example, T-bills, to balance the budget according to the budgetary professionals on your side.

Mr. SIMPSON. Mr. President, I will continue to direct my remarks to the Chair. The issue is that you cannot hide something that is $360 billion a year and pretend that you are doing something to ''balance the books.'' That does not mean that we are then going to ''raid'' or ''loot'' the Social Security System.

The constitutional amendment does not in any way injure Social Security, because the trust fund goes into T-bills or notes or obligations regardless. Regardless, the Social Security money still has to be raised in the future out of general revenue. That is what the trustees are telling us.

Somebody said, what about the interest? I heard that one. Mr. President, 87 percent of the money that comes in comes from payroll taxes. About 9 percent comes from interest. That is all there is. In the year 2012, you will have to take the notes and go back to the Government and say, ''There is not enough payroll money coming in this month. So we are here to cash these in.'' That is when the double hit comes that we described.

If you are trying to build a firewall to protect Social Security, this does not affect a Social Security firewall, which seems to be a very important thing to many, does not affect the long-term unfunded liability of the Social Security system. It does not alter the situation which requires a Social Security surplus to be put in Treasury bills.

May I just finish the trustees' quote? It is two more sentences. Then we can get on with the action here and see if we can stick with the trustees' report. Do not bother with what I am saying or Senator DORGAN or any of us. I am reading from the annual report of the trustees. Let me just finish it. ''The cash flow will reverse as the trust fund securities are redeemed. To meet benefit payments and other expenditures, revenue from the general fund of the Treasury will be drawn upon to provide the necessary cash.''

That is pages 78 and 79. The balanced budget amendment in no way changes this. In no way at all does the balanced budget amendment firewall for Social Security change that.

This is the way it is. And that is what we ought to be debating. I would be glad to stand here and do that.

(Mr. GRAMS assumed the chair.)

Mr. FORD. Mr. President, will the Senator yield for a little colloquy?

Mr. SIMPSON. Yes, sure.

Mr. FORD. I believe the Senator would agree that once a constitutional amendment is passed—and it will not take years to pass the balanced budget amendment—once a balanced budget amendment is passed and it amends the Constitution, then it is this body's responsibility to draft the legislation implementing that amendment, is that not correct?

Mr. SIMPSON. I am sorry. Repeat the last part, please, if you would.

Mr. FORD. Well, once an amendment to the Constitution has been ratified by the States, is it not the responsibility, then, of this body and the House to implement, by law, that amendment?

Mr. SIMPSON. That is correct.

Mr. FORD. Is there anything to prevent a majority from voting to include Social Security trust funds in the operation of the budget of the United States?

Mr. SIMPSON. Mr. President, there is no way to avoid doing anything to try to hide Social Security from the budget problems of the United States.

Mr. FORD. Mr. President, I asked a question, and I was chastised for not asking the question. What I want to know is, is there any way to prevent a majority vote from using the Social Security trust funds as a part of reducing the deficit for balancing the budget?

Mr. SIMPSON. I have no idea, Mr. President. For 17 years, this Senator has talked about the absolute certainty of pretending that something is off budget when it is $360 billion a year. You would have to ask a majority at that time. For me, it is absolutely absurd to believe that you do not talk about Social Security when you are trying to balance the budget of the United States of America, which today is $1.506 trillion, and $360 billion of that in there is called Social Security. If you want to leave it out, fine, but it will not be this Senator. I will not be here, but somebody can tap on my box and tell me how it went.

Mr. FORD. Knowing the Senator from Wyoming, he will not have to take his money with him. He can write a check where he is going.

I am very concerned that we talk about IOU's and they are really the bills. We talk about raiding and, no, we are not raiding. You cannot do that. But the Members of this body will implement an amendment to the Constitution. As the senior Senator from Oklahoma said yesterday, he objected to voting on the amendment to put up the firewall for Social Security because it was taxes collected and taxes expended. He wanted it in the balanced budget amendment.

I thank the Chair and my friend from Wyoming. I am going to leave the Senator. I am hungry.

Mr. SIMPSON. Mr. President, I do not believe that my good friend would check through the Senate ethics and financial records and find that I was listed among the millionaires of the Senate. So I think that that was a rather gratuitous shot.

Mr. FORD. How did the Senator take that?

Mr. SIMPSON. Now, Mr. President, if we can get back to the issue, which is the law, and stick with this and try to stick in this debate without going into emotion and who has the bucks and who does not have the bucks, and the rich versus the poor, and all the rest of it, and know that the Social Security Act is right here—(f) and (d). The trustees report is right here, and I am ready to move forward and discuss those and let us do that.

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

Mr. SIMPSON. Indeed, certainly.

Mr. DORGAN. Let me clear up two things, and one is minor. The Senator is not accurate with respect to the issue of the notch. This is probably not relevant. That was not adjusted in the 1983 legislation. That was in the 1977 legislation, which was implemented in 1979. The 1983 legislation had nothing to do with the notch. The notch was created, as the Senator might remember, because of a cost-of-living adjustment in Social Security that was opposed in the early 1970's.

Subsequently, it was discovered that that cost-of-living adjustor, or formula, was inappropriate in 1977. Congress made an adjustment, effective 2 years ago. It was not in 1983. That was not such a big deal, but I wanted to make that point for those who are interested in the history of it.

Second, the Senator used a chart that is demonstrably false. If the Senator would put the chart back up, I am sure he did not do this deliberately.

Mr. SIMPSON. No; the dates are not correct. The dates here should be 2020 here, 2025 here, 2030, 2035, and 2040.

Mr. DORGAN. When I saw the chart, I knew one would not want to use a chart like that. The impression would be that there is a one green line and a lot of red lines. When I saw your dates, I realized they were not accurate.

Let me give the accurate numbers. Here will be the annual surpluses, not deficits. In the 1996, your chart had a red line, and that was in error. There will be a $71 billion surplus, then a $74 billion surplus, then $80 billion, $87 billion, $91 billion, and, next year, $97 billion.

In the year 2002, there will be a $103 billion surplus—that is, receipts into Social Security over expenditures. This surplus will continue out on into the two-thousand-teens, after which there will be red lines.

It would be appropriate to have a chart that shows the red lines, but you would not want to show that unless you showed very substantial surpluses. I wanted to make the point that if somebody saw that chart and started going, ''We have big troubles,'' that is not accurate.

Mr. SIMPSON. Mr. President, I said that. I said that the reserves could easily be $2 trillion by 2010. I want the record to be absolutely correct. Nobody needed to palpitate on that.

Mr. DORGAN. There are so many charts showing the deep red canyons, and that chart should have showed surpluses.

Let us talk, for a moment, about these surpluses, and let us talk about this one. The year 2002 is the 7th year of a budget plan. In the year 2002, the Social Security system will have receipts of $103 billion that are greater than the need for expenditure in that year.

I will ask the Senator from Wyoming a couple of questions about that. The first question is, Is this an accident, or is this part of a deliberate strategy to have receipts that far exceed needs or expenditures in that year? Is that a deliberate strategy or an accident?

Mr. SIMPSON. Well, Mr. President, that is a deliberate strategy. The purpose was to build the reserves, and it was going to work beautifully, until this year, in the year 1996. Every 7½ seconds somebody turns 50, and 15 years from now, in the year 2012, there will be a dramatic drawdown. We ought to link the two cases together, because they are so dramatic that it is hard to describe.

Mr. DORGAN. I accept that. In many respects, I sat here and listened to a debate that, if you won, it was a debate we were not having. I accept much of what you say. But that is not the framework of the debate that we have ventured on the floor with.

Let me try to understand and describe the debate as between what you were describing earlier and what I am saying. If you are right—and I think you are, because I was part of the team, as you were, that said let us deliberately begin saving money, so that when the baby boomers retire, or the war babies, more appropriately, retire after the turn of the century, we will have built up some reserves. That was a deliberate, sober reflective action on the part of the Congress. I think it was an appropriate and courageous won.

Now, if in the year 2002, we have said we want $103 billion more to come in in Social Security than we are going to spend, and if in the year 2002 the majority's budget provides a balanced budget in 2002, but, they say, we are $108 billion short in their paper, but say to the American people we will balance the budget, is it not the case that they claim that they have balanced the budget because we have not had enforced savings of the $103 billion that year, which should have been above what is necessary to balance the budget if you are going to have an enforced national savings pool, but, in fact, they have taken that $103 billion and said, by the way, we are using it over here so we can say we balanced the budget.

Is that not a misuse of the term ''double entry booking,'' to say we have a deliberate reserve and, at the same time, that we are using it here saying we have a balanced budget?

That is the major point of contention between us because we will, I fear, get to the end of this process and we will never have an enforced national pool of savings above an otherwise balanced budget that is used, or usable rather, when we need it when the war babies retire.

Mr. SIMPSON. Mr. President, that would be a good argument if we were saying that we were going to ''use it to reduce the deficit.'' But it will have already been used because the minute there are surpluses in the Social Security trust funds, they are invested in T bills or notes or whatever, and all the money goes to the general fund. If we can get to the point where you and I are, will you please describe to all of us

what you mean when you are describing ''looting and raiding'' of the trust fund?

Mr. DORGAN. Exactly. The year 2002 would be a year in which the Federal Government would have balanced its budget plus had a $103 billion additional revenue above the balanced budget as an enforced pool of national savings to be saved for the time we are going to need it. That would comport with what the idea was in the early 1980's about creating a national pool of enforced savings. The scheme that we now have, I respectfully say to the Senator from Wyoming, means that we will never have a pool of enforced national savings to meet the Social Security needs. Instead, we will simply have a regressive payroll tax added to the general revenue stream to be used for whatever other purpose it is used for.

Mr. SIMPSON. Mr. President, may I ask a question of the Senator from North Dakota? How does the Senator from North Dakota propose to avoid looting, or raiding? Does that mean it will not be in T bills?

Mr. DORGAN. No.

Mr. SIMPSON. What does it mean?

Mr. DORGAN. You are not winning a debate that we are not having. I am not debating whether or not it is invested in T bills. Of course it is. Your basic contention has been because it is invested in T bills it does not exist. I have asked the question. ''Gee. If you purchase a savings bond for your grandchild for Christmas, are you going to tell him when he opens it that, 'By the way, what you see does not exist?'.'' No. It is an asset. That asset exists in the trust fund.

My point is you will not have saved $103 billion in the year 2002 that you promised to save if on the budget side of things you take the $103 billion over and say, ''Well, we are $103 billion short of balancing the budget generally speaking but we will count this revenue against it in order to say to people that we balanced the budget''; ergo, you have not, in my judgment, created any kind of national pool of enforced savings to meet the future needs of Social Security.

That is the point.

Mr. SIMPSON. Mr. President, how do we achieve this result—by suggesting then that we defeat the balanced budget amendment?

Mr. FORD. We do not.

Mr. SIMPSON. That is what you have been saying; that we can avoid this result by defeating a balanced budget amendment.

Mr. DORGAN. Excellent question. Let me tell you exactly how you achieve the result. The result is achieved specifically by voting for the alternative balanced budget amendment that we attempted to offer yesterday that we offered previously, that was voted against by the Senator from Wyoming, that is this: It is identical in every respect to the constitutional amendment to balance the budget brought to the floor with one exception; that is, section 7. Section 7 says you will not count as revenues or expenditures the Social Security trust fund and Social Security account, which means that you would balance the budget and say, ''All right. Now the budget is in balance plus what we have is in 2002, or 2005, whatever the year is, plus we have $103 billion extra money that came in above the balanced budget. That is the only way you develop a forced pool of national savings. In the absence of that, what you ought to do is get rid of this payroll tax. If you are not going to do what you said you are going to do, why should workers and business not be paying it?

Mr. SIMPSON. Let me ask, Mr. President. And I appreciate your correcting us and getting the correct dates.

Mr. DORGAN. That was a pretty big correction, actually.

Mr. SIMPSON. It is not a correction.

Mr. DORGAN. We are not saying that the sky is falling.

Mr. SIMPSON. Not to give too much credit, but simply these dates are incorrect, 2020, 2025, 2030—you know those facts. I know those facts.

Mr. DORGAN. That chart is a fundamentally improper disclosure of what is happening. You would have to show substantial green surpluses on that same chart.

Mr. SIMPSON. This is from the Social Security Administration, and it is listed in their way as to what is going to happen to this. This is 2020. There is 2025. This is 2030. There is 2035, and 2040.

Mr. DORGAN. There are four categories of green, and you just skipped 20-some years of good news to get to the bad news. There is bad news. We are not disagreeing about that.

Mr. SIMPSON. Let me ask a question. You have used a figure of $60 billion in your debate about surplus?

Mr. DORGAN. It is $69 billion.

Mr. SIMPSON. The accumulated surplus to date is $496 billion to date. So that is rather an incorrect figure. You have used the figure.

Mr. DORGAN. What is incorrect?

Mr. SIMPSON. The accumulated surplus to date in Social Security is $496 billion, and it is going to go way beyond those figures in the outyears. It is going to go to $1.1 trillion—not $1.2 billion. It is going to go to $2 trillion.

Mr. DORGAN. We are not having a debate; it is a misunderstanding. These are not cumulated numbers. These are yearly numbers. I said for this year, $69 billion. When you are saying that is wrong, I do not understand.

Mr. SIMPSON. The cumulated surplus in Social Security is $496 billion. We need to know that. You have listed an annual figure of $60 billion or $69 billion. The present surplus, cumulated surplus, in Social Security today is $496 billion headed for maybe $2 trillion in the year 2010. Then a precipitous decline in accordance with the charts of the Social Security Administration.

Mr. DORGAN. There is no disagreement about that. I do not understand the point. The point I was making is that this year we are collecting regressive payroll taxes from workers and businesses, because you voted for it and I did, believing that it was done to collect more than we needed this year in order to save it for the future. My only point is, if it is used to offset for other revenues that we should have made, or other expense cuts we should have made, then it is not saved. If it is not saved, why are we collecting it? Why not say to the people, ''We will not collect it to misuse it; keep in yourself''?

Mr. SIMPSON. Mr. President, I just hope that perhaps somewhere into the national debate will come pages 78 and 79 of this year's 1996 annual report, which is so clear that there is no Social Security trust fund. There is nothing in the way of a pool other than the IOU's. These are IOU's, and the entire cash, when we sell them, goes to the general fund.

Is that what the Senator means when he describes ''looting or raiding?'' Please tell me, because these are two terms that have been used by the Senator from North Dakota day after day after day, that we are ''looting and raiding.'' I want to know what the Senator means when he says ''looting or raiding.'' Does ''looting or raiding'' mean that we should not be putting it into T bills? Does ''looting or raiding'' mean that we should not see the money go into the general fund, as is the law of the United States? What is, for this Senator ''looting or raiding''?

Mr. DORGAN. Let me try it again. I just refuse to let you win a debate we are not having. We are not having a debate.

Mr. SIMPSON. I am trying to inform the national citizens as to what is happening here.

Mr. DORGAN. I understand. Let me try to explain it. I will do it again. I have done it before.

Mr. SIMPSON. Could you use the term ''looting or raiding'' and define what that is?

Mr. DORGAN. Let me explain it to you. In the year 2002—the Senator from Wyoming, I, and others voted to decide that we wanted to collect more money than is necessary in the year 2002 for the funding of the Social Security program—not a little more; a lot more; $103 billion more than is necessary to fund that program. We said we want to do that because we want to be responsible in order to save it for the future.

It is invested in Treasury bonds. The Senator is correct. If he wants to have a debate about that, he cannot debate that with me because I do not contest that. It is invested in Treasury bonds. But the $103 billion ought to represent in 2002 $103 billion of revenue above a balanced budget. And it does not, because the Senator from Wyoming and his friends support a budget scheme that says we will show up about $108 billion short in the year 2002, and we will use the Social Security trust funds to make up the difference.

If that were in the private sector, they would call it looting. But you could call it whatever you want to call it. Abraham Lincoln said, ''Calling a horse's tail a leg doesn't make it a leg,'' but you can describe this however one wants to describe it. I simply maintain that if you decided and I decided we should have a pool of enforced national savings to meet the needs of the future, that in 2002 you cannot accomplish that if you have used the same money in order to balance the general operating budget of the United States. That is the point, a very simple point.

I would say to the Senator from Wyoming I understand—I have listened patiently—I understand the presentation he made. He and I do not disagree on a lot of this. The Social Security system is now healthy. I disagree, sometimes, when I hear the Senator and others talk about the ''Social Security system is going broke.'' In a lot of ways I lament that that language is used because it is true that a third of a century from now it is going to be out of money, but that is a third of a century from now.

It is also true we are going to make some changes. The fact of the matter is, the Senator from Wyoming is a leader: he is a leader on this issue. He has proposed substantial changes to secure the financial well-being of the Social Security trust fund. The Congress must make changes. But here is the situation. He and I do not disagree about the circumstances. We have surpluses; they will continue to build into the two-thousand-teens, after which they will diminish. In the year 2029, we will be out of money. Adjustments will have to be made long before then to solve this in the long term. The Senator is absolutely correct about that.

The disagreement we have is in a budgeting scheme that says let us treat the Social Security funds as if they are no different than any other funds. I would say, my colleague has made the point, I think, that the Democrats have done that and the Republicans have done it. The answer is, yes, they have. And I have disagreed no matter who does it. Now they want to enshrine it in the Constitution. That is the difference.

Mr. SIMPSON. Mr. President, I want to be sure that the American people know that this is not a partisan issue. So, when we say, ''My friends on this side of the aisle,'' the friends on this side of the aisle joined with a remarkable number of friends on the other side of the aisle, a total of 64 of us who really think we ought to do something with the balanced budget amendment and do not feel we are going to do anything to the Social Security trust fund, because we know we cannot do anything to the Social Security trust fund because it is all invested and the money comes out of the general revenue. I guess the debate has to end there. Unless—and I am going to come back to this question. I would like, honestly, an answer.

I want to know what—if we are going to use the term ''looting and raiding,'' the American people, I think, are being overly excited by that term. There is no need to use a term like ''looting and raiding,'' because we do not loot or raid. We are putting it where the law requires it to go, and nothing more. So to say that it is looted or cut, there was never any suggestion that these dollars would not have to be raised by general revenue in the year 2012, or 2005. They come from payroll taxes and revenue. So we are only arguing about how the deficit is measured, not about the disposition of Social Security trust funds.

Mr. DORGAN. Will the Senator yield for a question on that?

Mr. SIMPSON. I think there is no reason to portray the balanced budget amendment as a place to talk about Social Security trust funds. They do not fit.

Mr. DORGAN. Will the Senator yield for one brief question?

Mr. SIMPSON. Yes.

Mr. DORGAN. Is it not the case, then, that in the year 2002 the majority party's budget plan is either $108 billion in deficit or it is balanced by using the $103 billion in Social Security funds? Is that not the case?

Mr. SIMPSON. Mr. President, there was another one, so we get away from the partisan aspect if we can.

Mr. DORGAN. That is not a partisan question. I am just asking you.

Mr. SIMPSON. I heard it that way. You know that. But let us look at the Chafee-Breaux proposal.

Mr. DORGAN. Same thing. Same thing.

Mr. SIMPSON. Mr. President, 46 of us, 24 Democrats and 22 Republicans, voted for that. I thought that was a very responsible thing. And whatever you are talking about in the national budget, all has to do with balancing or not balancing the national budget—everything in the stack.

Mr. DORGAN. But that is not responsive to my question. The Chafee-Breaux budget falls short of balancing the budget, if you are going to actually save the Social Security trust funds. And so does President Clinton's budget. They are not in balance, just as the majority party budget is not in balance.

So my question is, is there a balance? We are using the Social Security trust funds improperly, or they are not in balance, they fall $108 billion short of being in balance.

Mr. SIMPSON. Whether we call it balanced or unbalanced in the year 2002, whether under the Republican plan or President Clinton's plan or Chafee-Breaux, Social Security moneys will be in exactly the same place. That is what I am saying. It will be in the form of Treasury bills or notes backed by the full faith and credit of the United States. So if you want me to say it will be balanced, fine. If you want me to say it will be unbalanced, fine. But the issue is, this will go on like ''Old Man River,'' and all America ought to know that.

Mr. DORGAN. Will the Senator yield to one more point? I think we get to the point where we disagree. My point is the budget that you support, the budget the President has offered, and others, fall short of balancing the budget by the equivalent amount of the Social Security surpluses that we deliberately decided we wanted to receive and save. That is the point I made.

Look, let us finish because I know the Senator from Massachusetts is waiting, but——

Mr. SIMPSON. If we want to use the phrase of ''deliberately saved'' and so on, I have no problem with those terms. What I have a lot of problem with is the continual reference to ''looting and raiding,'' because that is not true.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

HEALTH CARE REFORM

Mr. KENNEDY. Mr. President, today is another unfortunate setback for the cause of health reform. It appears that the opportunity for meaningful reform has been lost again. Barring a last-minute change of heart and mind and strategy, Senator DOLE will be leaving the Senate next Tuesday without exercising the leadership needed to make even the modest consensus reform in the Kassebaum-Kennedy bill a reality.

I regret very much that ''Dr. Dole'' is prescribing a poison pill for this consensus legislation. Medical savings accounts do not belong in this legislation. Several reasonable compromises on that highly controversial issue have been offered and categorically rejected. The full-blown MSA proposal demanded by Republicans is a death sentence for this legislation. I intend to oppose it as vigorously as possible, and if it should even reach President Clinton's desk, I am confident he will give it the veto it deserves.

It is clear House Republicans are pursuing a their way or no way strategy, and Senator DOLE has chosen to be a part of it. With his departure from the Senate next week, the chance for any health insurance reform this year is slim.

Millions of Americans will suffer unnecessarily because Senator DOLE has put gridlock ahead of the needs of the 25 million working families who would benefit from the consensus reform in the original bill, before it was poisoned by the MSA bill.

Senator DOLE left the impression yesterday that meaningful negotiations for an acceptable compromise were taking place and that this issue was close to being resolved because Republicans were open to changes in the MSA provisions to accommodate Democratic concerns. It now appears, however, that the intransigence of the House Republicans has prevailed.

The Kassebaum-Kennedy bill was passed 60 to 0 by the Committee on