

Mr. President, I am watching history repeat itself. I joined in the opposition to Reaganomics and what Stockman says was the worst mistake we ever made. I joined in the tax increases to try and reverse it. I joined in Gramm-Rudman-Hollings. When they write now, as Senator RUDMAN has, that Senator Hollings wanted a divorce, they should be clear about the facts. Instead of using the automatic cuts as a spear to urge and require fiscal discipline, they started to use it as a shield for fiscal irresponsibility, and I wanted no part in that. I voted for the tax increases here in 1993. At the time, my colleagues on the other side of the aisle said, "Well, you cannot trust that Washington crowd. If they increase the taxes, that means all they will do is increase the spending." False.

In 1993, we increased taxes and cut spending to the tune of \$500 billion. In direct result, we have an economy with low unemployment, low interest rates, steady growth, and low inflation. And they say that the President is "too clever by half," and is "postponing choices."

Once again, Mr. President, when they say the President did not make any honest try, perhaps we should remember Mr. Volcker's words on the 1993 package:

I don't think there is any doubt that the package was part of an honest effort to reverse the trend of the budget deficit.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DOMENICI. Parliamentary inquiry; what is the order of business before the Senate?

The PRESIDING OFFICER (Mr. GRASSLEY). We are in morning business. The Senator from New Mexico has control of the time from 1 o'clock until 3:30.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

THE BUDGET RESOLUTION

Mr. DOMENICI. Mr. President, I am disappointed that we could not work out an agreement with the minority that would allow us to complete action on the conference agreement on the budget today. I had hoped we could do that so our distinguished majority leader would have an opportunity before he left the Senate to cast his vote in favor of this budget resolution and a balanced budget by the year 2002. The conference agreement on the 1997 budget resolution was completed last Thursday evening and filed Friday morning. Copies of the conference report have been available since early this morning. The House of Represent-

atives Rules Committee will act this evening to report a rule that will allow the House to act on the conference report tomorrow morning and complete action by noon.

Normally, we would simply call up the conference report, discuss the conference report, since it would not be subject to amendment, yield back the statutory 10 hours of time and vote on final passage. Without consent to the contrary, however, here in the Senate, if we were to act on a conference report before the House has acted, the conference report would be subjected to unlimited recommittal motions, and the minority is aware of this opportunity to subject the Senate, and I say Leader DOLE, to an unlimited number of such motions. Therefore, they have not been willing to grant us consent that would allow us to do what we are going to do tomorrow. Once the House sends us this, we will take it up, and obviously there will be no recommittal motions in order, as I understand it, at that point.

We were trying to get the minority to let us start that process today and perhaps complete this before the leader leaves sometime tomorrow, around 12 or 1 o'clock. It means he will not have a chance to vote on it. It does not mean that there will be anything happen to the budget resolution. I assume we will have his successor Senator voting with us, as we have had him.

I will have more opportunity tomorrow to discuss the significance of this budget resolution and what it does. I might just start with one concept for everybody to understand. On the discretionary appropriations, which has been the subject of an awful lot of debate last year which caused many appropriations bills to be vetoed by the President and caused the closure of Government from time to time during that long process of trying to get appropriations completed, we have resolved our differences between the House and Senate.

We have produced a budget resolution that, essentially, has all of the domestic discretionary programs combined at a freeze—same level as last year, according to the Congressional Budget Office. That is the number that we agreed upon. That means if we take all the riders off those appropriations bills, and I understand that there is some movement in that direction, we can clearly be sending to the President appropriations bills that he ought to sign. Clearly, the American people will understand it very easily. The Republicans do not want to reduce spending. They want to freeze it. They are not out there to close down Government. They just want to say, in a very difficult year, we should freeze the expenditures of the appropriated accounts at last year's level. That is what we will be doing. That is what the appropriations bills are going to reflect in the next 5, 6, 7 weeks.

Hopefully, if we get those done, we can finish our work early or even ahead

of time with reference to the appropriations bills which caused so much commotion last year and so much ill-will and ill-feeling between many people in the country and this various series of vetoes and closures. That will be the essence of the Republican approach. Obviously, big savings come in the entitlement reform programs. We will move those through in due course. Once again, we believe we are on the right path. We will discuss what we think the President's approach to Medicare has been. Clearly, he is playing a major shell game with this big program that the senior citizens need so desperately to have attended by way of reform.

We will get into those details tomorrow. I have not sought approval from any of the leadership here to make this statement, but, frankly, I am very hopeful when we finally get on this budget resolution tomorrow, that even though there are 10 hours of debate equally divided, we will finish tomorrow. No motions are in order, no amendments are in order. I see no reason why we cannot finish it tomorrow, even if we take it up sometime in the middle of the afternoon tomorrow. That ought to be plenty of time to debate it and finish tomorrow to get on with other Senate work.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

THE BUDGET RESOLUTION

Mr. GRASSLEY. Mr. President, Senator DOMENICI opened debate on the 1997 budget conference committee report, the agreement that has been ironed out on the differences between the House and the Senate, for presentation to the Senate for final passage, so that the 1997 budget will be behind us and we can start making changes in the programs that will fit these programs into the budget that balances by the year 2002, 6 years from now.

CBO has scored it that way. CBO is a nonpartisan agency that rules on whether or not budgets are balanced and what programs cost and how much income is coming in. They said that this will balance by that time.

The year 2002 is the year that we selected last year to balance the budget by. Our bill was presented to the President last year, and he vetoed it. We are not going to take an extra year to balance the budget when we do it this year. We are going to do it in 6 years now because that is all we have left between now and the year 2002. I hope that my colleagues will vote for that.

In a sense, as the famous baseball player said, "It's *deja vu* all over again." It is kind of that way with the Balanced Budget Act that we are dealing with today, tomorrow and the next day until it is passed. Because last year we worked for 8 months in 13 committees to pass this 1,800-page Balanced Budget Act of 1995. This was a bill that 13 committees worked on to produce

changes in the programs so that the budget would balance in 7 years. We presented this to the President prior to Thanksgiving last year. The President vetoed it, I believe, on December 5.

I remind people of that document existing, that we had the votes to pass it, because often I get the question, which is a question coming from a cynical attitude that people have because we promise more than we can deliver, where people ask, "Do you think you can ever balance the budget?" Well, I like to carry this around with me and remind people, yes, we can balance the budget. Here is the act that for the first time in a generation Congress not only had the document, but the votes to pass it and to present it to the President.

Of course, that is history now. Ultimately, people are going to decide who won or lost with the veto that the President had of that bill last year. It also reminds you that one person can make a difference of having a balanced budget or not. We had a majority in the Senate, we had a majority in the House to pass the Balanced Budget Act of 1995. But one person, the President of the United States, stands between the people and a balanced budget. So historians will have a chance to look at who the big economic losers are in that veto of the Balanced Budget Act.

But the 1997 budget resolution gives us another chance without necessarily losing time because we still meet the deadline by the year 2002. But while we talk about balancing the budget, and we delivered a bill to the President last year to balance the budget and he vetoed it, the time clock is running, the national debt is growing, and interest is accruing on that national debt.

Of course, since we did not balance it last year, and if the President vetoes it this year, we are not going to suffer; it is our children and grandchildren that will suffer because we live high on the hog today, spending beyond our means, satisfying our own materialistic demands, and engaging in the immoral act of worrying about today and forgetting about tomorrow because our children and grandchildren are picking up the bill.

Every one of us in this body, whether we vote for it or against it, bears some of the blame for the situation that this country is in after a generation of deficit spending. Those of us who voted for it last year showed we were a year ahead of everybody else in balancing the budget.

Still, that does not overcome the sin of the deficit spending of a generation and the tremendous load of \$18,000 per newborn baby that they carry of that additional debt. Or the 80 percent tax rate that the President's own budget document says our children will have to assume for the interest and the principal of that great debt.

None of this is done in a very perfect fashion. The legislation that we pass is not perfect. How we go about it may not be the perfect way of balancing the

budget, but it must be done. It will be done. Everybody is going to pay a little bit towards this effort to get to a balanced budget. Maybe as a practical political exercise, that is the only way it can be done. Some people would say, "Cut out completely this program," and others will say, "We have to save this program," or "increase that program." It can be done that way. Basically, the way we have done it is to make sure every program pays a little bit in the effort to get to a balanced budget.

Ultimately, as a political system, it seems we have figured out we can indeed vote ourselves more money. That is why we have the problems we have. All the people have to do is vote for the guy who promised to protect expensive programs and who promised to let entitlements run wild. That is what has been going on. That is why we have a \$5 trillion national debt.

Last year, as a result of a mandate from the election of 1994, the new Members of Congress felt it is time to call a halt to deliver on the promises that have been made to balance the budget, and to do it in 7 years. I am enthused about the 1997 budget resolution before the Senate. I think it is a belt tighter, a conservative one. Every item in it might not be exactly as it would be if I had written it, but broad representation is the nature of our Government. Compromise is the only way to accomplish some of our goals—everybody to give a little bit in the process. This gets us, as the nonpartisan Congressional Budget Office has said, to balance in 6 years. The nonpartisan Congressional Budget Office shows that we should even have a \$5 billion surplus by the year 2002. To me, that is a pretty good report card. I note, for significance, that the 1997 budget resolution is the only plan that gets us to zero deficit in 6 years.

Now, somebody would say, "Well, the President says he has offered a budget," but it does not balance as he says it would. The President's aide, Dr. Tyson, has been on the morning talk shows saying that the President's budget balances. What she has not made clear is that the President relies on certain contingency proposals or emergency triggers in the year 2001 that either increase taxes or cut unspecified discretionary spending in order to reach balance by that year. It could be both a tax increase and unspecified discretionary spending cuts.

If the President is on a path of spending throughout the 6-year-period of time that he sets us on in the year 1997, there is no way you get to a balanced budget by the year 2002. You have an \$81 billion deficit. Of course, in the meantime, even if this President is re-elected, he is back in Arkansas at the time there are future tax increases and/or unspecified spending cuts have to be put in place, so it is not really his worry.

Now, for the President's advisers to say on television that this budget bal-

ances, when that is the situation, is a failure to mention the balloon payments that the President has built into his budget plan. These balloon payments are similar to those magic asterisks that David Stockman put in President Reagan's budget when President Reagan promised he would balance the budget in 1984, at the end of his first term. When the President's budget did not balance—and some of the new Senators voted against it at that particular time—the President obviously was a little bit embarrassed, because he made a promise to balance the budget, and his first budget submitted in his administration did not do it by the time he said it would be doing it. So we were all sold on the proposition it could be done in the years 1983 and 1984, so David Stockman put that magic asterisk into the President's first budget.

Did that ever materialize? Of course it did not. Do you think the President's balloon payments of 2001 and 2002 will materialize, whether the balloon payments result in tax increases or in spending cuts, or both? I think it is less than candid for either the President or his Economic Advisers to go on television saying somehow that is going to happen in the year 2001 and 2002, when the President is back in Arkansas, and is going to result in a balanced budget.

Now, when it comes to the budget that we present to this body for approval this week, the 1997 budget resolution conference report, it has no hidden gimmicks or balloon payments in it. Instead, there are only clear, specifically illuminated promises. In other words, we get to true balance in 6 years, because we set this budget on a course to balance much sooner than the President of the United States does. In addition, we get a 6-year \$122 billion tax cut primarily made up of a \$500 per child tax credit. Some people will criticize that. Some will say it is for the rich when they know in their heart that is not true. They forget that a \$1,000 tax cut for a family of four can make a big, big difference, that everybody in this country is not rich, and that the middle-class families of America are going to benefit from that tax cut.

Why a tax cut for families with children? It is because the tax on children is presently unfair. It used to be that the dependency exemptions for children almost nullified the tax liability for families. Those families, obviously, use the tax savings to raise their children. For the personal exemption today that is in the Tax Code, to have the same value relative to family income that it had in 1948, it would have to be \$8,000 per child exemption in 1996, instead of the \$2,600 per child it is now. Truthfully, to be fair, we need a credit in excess, then, of that \$500 per child, to put families back with the same purchasing power that they deserve.

Even with the new tax credit, families will have to continue to tighten their belts. But remember this credit is

a credit and not an exemption or deduction. Thus, each child in any family is going to be worth \$500 more, regardless of the income of the family. And the phaseout ranges of the credit begin at a lower level of income than do the phaseout ranges of the current dependency credit.

So if any Senators claim that they want to defend families in this budget, the best place to start is by taking money away from Washington and returning it to the families. Families can spend that money more wisely than Washington can spend that money.

Besides that \$500 tax credit per child to help empower families, this budget resolution of 1997 reforms entitlements. It would be wonderful if we can continue to allow entitlements to grow unchecked, but that is not possible. Without legislative maintenance, entitlements are going to swallow themselves. We know now that if we do not do something about entitlements, by 2012, the entire budget will be made up of entitlements and interest on the national debt, with nothing even for national defense.

Also, our budget resolution will save \$53 billion in welfare programs as we reform welfare and turn it back to the States. Medicare spending is going to go up at a rate that will allow us to consume \$72 billion less than under present payout. Of course, we just heard last week that Medicare is racing toward bankruptcy in 5 years. We will not allow that to happen. We allow Medicare spending to go up from \$4,700 per person per year to \$6,800 per person per year, and its solvency is extended 10 years in this budget resolution. We do this without increasing the regressive payroll tax, and we do it with keeping the part B premium at its present level of 25 percent of total program cost. We freeze discretionary budget authority in this legislation in 1997 at the 1996 level. One place where I disagree with Republicans is that defense spending in our bill is too high. I made an effort on the floor of the Senate to cut that back by \$11 billion, but that lost. This budget compromise between the House and Senate reflects that higher level of Defense expenditures. I think that if families are tightening their belts, and other programs in Washington are tightening their belts, and if entitlements have to have their belts tightened, defense contractors ought to have their belts tightened as well.

Finally, the budget process is somewhat changed from last time. This budget resolution offers three separate and independent reconciliation bills. Each bill can live without any of the previous bills. The structure of the two succeeding bills depends upon the success of the preceding one. This is a sound and flexible plan that will allow us to present to the President something that he will not have any excuse for vetoing, as far as I am concerned, considering the fact that he vetoed last year's budget that we gave to him.

The days of our living beyond our means, hopefully, come to an end with the adoption of the budget resolution for 1997. Hopefully, it puts us on a path, for the first time in a generation, to get to a balanced budget. Hopefully, it means that each generation is going to assume its fair share of pain for our programs and for ending the principle of passing on to future generations the cost of our programs for today.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. GORTON. Mr. President, I ask unanimous consent that I may be able to use such of the time reserved for the Senator from New Mexico as I may use.

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

THE BUDGET RESOLUTION

Mr. GORTON. Mr. President, sometime late tomorrow or early on Wednesday the Senate will begin formal consideration of the budget resolution adopted late last week by a conference committee. That budget resolution, in common with its predecessor a year ago, will clearly put the United States on the road to a balanced budget, a goal shared by more than 80 percent of all of our fellow citizens.

To a certain extent, Mr. President, a balanced budget is a goal in the abstract. It is a phrase that sounds good, sounds responsible, but nonetheless is divorced from our day-to-day concerns. It is, however, vitally important to our future, but most particularly to the future of our children and our grandchildren, to those who come after us.

Almost 200 years ago Thomas Jefferson spoke of it as a moral imperative, that it was simply a moral wrong for the politicians of his day or of ours to spend money on programs, however worthy, that they supported, but to refuse to pay the bill, to send that bill to someone else.

Thomas Jefferson's words are as important and as valid today as they were at the beginning of the 19th century. It is our obligation to seek this goal, and not just to seek it, but to put the Nation on a path pursuant to which it will be attained.

It does, of course, go beyond a pure moral imperative. It is a financial imperative as well.

We know by the almost unanimous opinion of economists who dig deeply into this issue that the mere promise of a balanced budget, accompanied by a set of policies that will lead us shortly after the turn of the century to reach one, will have a positive impact. Such

a promise will lower the interest rates that men and women pay on the homes they purchase or wish to purchase, on their automobiles and other large consumer purchases, on their businesses, small and large, designed for their own future, and for the creation of opportunity in our society and our economy.

The actual accomplishment shortly after the turn of the century of a balanced budget will mean somewhere between \$1,000 and \$2,000 per average American family additional in their pockets, partly because of the lower interest rates that I have already described and partly because, all other things being equal, the economy will be that much stronger. There will be that many more and better jobs for Americans in just a very few years from now. This is a case in which the moral imperative and the financial desirability as a course of action lead us in precisely the same direction.

Mr. President, under those circumstances, why is this not only a unanimous goal, but why are not the policies that lead to that equally unanimous? I do not remember during the course of the last year any Member of this body standing before the body and saying, "It is a poor idea. It is not something that we should bother with at all." No, Mr. President, everyone gives at least lip service to the idea, but that lip service goes little further when it comes to the practical methods of attaining the goal. With those who voted no as recently as last week on a constitutional amendment that would mandate attaining a goal, to those who will vote no tomorrow or the next day, the answer will constantly be, "We have to do it differently. I do not like this balanced budget." It is some other balanced budget, my own or someone else's, that is the only way to go. In other words, the details, the tendency for perfection in the mind of each individual Member, interferes with attaining a goal so important both morally and economically.

Mr. President, perhaps all of us could have been accused of that course of action as recently as a handful of years ago. Almost never, in my memory, did anyone seriously propose a budget that led to that balance until the dramatic vote of something more than a year ago in which the balanced budget constitutional amendment, having been approved by the House of Representatives, was defeated here by a single vote. Following that dramatic loss, many Members took much more seriously the lip service they previously had given to a balanced budget. In fact, a majority of this body came up with a budget resolution and then enforcing statutes that would reach that goal by the year 2002.

Regrettably—I think profoundly regrettably—the President of the United States vetoed that proposal with the statement that we ought to do it in a different way. Now, that statement came in spite of the fact that the President of the United States had never