nothing to stimulate savings, investment, or work effort.

The Dole tax cuts' effects on the economy are likely to be worse than the lackluster performance posted during the Reagan-Bush years. The first supply-side gamble was taken at the trough of the 1981–82 Reagan recession, the deepest since World War II. Not surprisingly, the 1981 across-the-board tax cut did boost the economy by stimulating spending, and not savings—boosting demand in the economy, not supply. As a consequence, much of the employment growth during the Reagan years resulted merely from people getting back jobs they lost during the recession.

Unlike the early 1980's, when the unemployment rate reached 10.8 percent, strong job growth over the last few years has brought our current jobless rate down to 5.1 percent. A shot of demand stimulus now would risk overheating the economy, push up inflation and interest rates, and do little to improve the already tight labor market.

Any benefit from a trickle-down tax cut now would have to come from improvements in the economy's long-run capacity to grow. The prior experience with Reaganomics is not reassuring, since growth slowed to its previous longrun pace once the economy's slack had been taken up.

The Dole plan also assumes that an unexpected jump in revenues this year will persist forever, even though CBO in its latest Economic and Budget Update argues that this blip may well be temporary.

In fact, it could be worse. I am deeply concerned about the effects of the Dole tax cuts beyond the year 2002. There is no cutoff point; they keep growing and growing. The farther out the tax cuts are projected, the less coherence the Dole plan has, and the wider the deficit projections become.

Like his supply-side predecessors, who stretched credibility like taffy, candidate Dole promises to balance the budget despite tax cuts totaling $550 billion. This would require spending cuts far more extreme than those that the Republicans failed to pass over the past 2 years. And remember too, the number of programs that Dole has put off-limits: Social Security, Medicare, defense, veterans, interest on the debt, the New Mexico labs, military retirees, and the list keeps growing every day. Even George Bush's Budget Director, Richard Darman, said that the Dole plan was not realistic politically.

In most cases, the Dole plan leaves these huge spending reductions unspecified. In those instances where they are specific, however, the Dole campaign's own figures imply that some programs, like the Energy Department, should be cut by more than 100 percent. At least we can all agree that that will be a difficult task indeed.

As I have said, the Dole plan will merely build the current mountain of debt to new heights. And history does not provide much comfort to those of us concerned about this horrible monument of fiscal irresponsibility. If past is prolog, we are in for more debt. Some have incorrectly claimed that President Reagan would have balanced the budget in 4 years as promised, save for the fact those Democrats were in control of the legislative branch. For three-fourths of the time that President Reagan was in office, he enjoyed the support of a Republican majority in the Senate. The record clearly shows that President Reagan failed to use the ultimate and readily available authority he had—the veto to cut spending. He clearly had more than sufficient votes to sustain a veto. Furthermore, neither Presidents Reagan nor Bush submitted a balanced budget certified by the Congressional Budget Office.

So what's the bottom line on the Dole economic plan? In the September 2, 1996, New Republic, Matthew Miller writes ''It's a fraud, covered up through deception and double counting.'' That's pretty harsh but I have to agree. Bob Dole shouldn't gamble away the future of our Nation with a farfetched, losing proposition that in the end will only end up with more spending.

I simply say that the authority that the President has to cut spending should be used and the veto pen should always be their. It seems to me, Mr. President, that we should realize and recognize that we have had four straight reductions in the annual deficit of the United States.

It seems to me that we should not go hellbent for election with an economic plan that this Senator believes is doomed to failure.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Oklahoma.

SENATOR DOLE'S ECONOMIC PACKAGE

Mr. NICKLES. Mr. President, I wish to make a couple comments in response to my colleague from Nebraska. He made a very strong statement against Senator Dole's economic package. Let me make a couple of statements in rebuttal to that.

The Senator quoted a poll which said that 64 percent of the American people do not believe there is really going to be a tax cut. A lot of people are very skeptical of politicians, in particular when they make statements as it pertains to taxes and you look back in history a little bit. George Bush said, ''Read my lips. There will be no new taxes.'' And he passed a tax increase, and I believe it cost him his reelection.

Bill Clinton, when he was campaigning in 1992, campaigned on a tax cut, told people throughout the country there would be a tax cut, talked about a $500 tax credit per child, or at least a tax credit for families, but it did not happen. As a matter of fact, in 1993, there was not only not a tax cut but the largest tax increase in history.

So a lot of people are very cynical when politicians talk about taxes, maybe because for the last few years they have not seen people follow through with what they stated they were going to do. That quite possibly is understandable.

Candidate Bill Clinton in his book said there would not be an increase in the gasoline tax, but he actually did. He passed a gasoline tax increase, as we all know. He did not tell people there was going to be an increase on Social Security recipients, but there was.

So my point is, yes, there may be some people who are cynical, but that does not mean that just because Bill Clinton did not do what he said he was going to do Bob Dole will not. I have had the pleasure of serving with Bob Dole, and he is a man of his word, and he is very sincere. He is very sincere about cutting taxes and reducing the growth of spending. I will just mention that he doesn't even cut spending. He slows the growth of spending under his proposal. The facts are we are spending $1.55 trillion right now, and under Senator Dole's proposal we are going to end up spending about $1.8 trillion in the year 2001. But he does commit to balancing the budget. That is doable. We have done it. President Clinton, unfortunately, vetoed it.

Can you cut taxes and reduce the growth of spending and still end up with a balanced budget in a few years? Yes; you can. We have proved that you can.

I want to allude to one other thing that was mentioned. It is said, well, Senator Dole's tax cut is paid for by voodoo economics, or it is going to provide tax cuts to pay for itself. That is not the case. He took a very conservative assumption that the tax cuts proposed in his proposal would stimulate growth and that would pay for about 27 percent—not even half, 27 percent.

So I just make mention of the fact that some people assume this really does stimulate the economy and therefore pay for itself. Some people make that assumption. Senator Dole did not. He said it will stimulate the economy; the economy will grow a lot faster. It has grown a lot faster. The growth of the economy for the last 3 years has really been pretty anemic—about 2.2 percent compared to the last 10 or 12 years when it has been about 3.3 percent, about 50 percent higher. We can do better. We should do better. I hope we will do better.

I also heard a statement, well, very little is in Senator Dole's package that would stimulate the economy. I disagree. Allowing people to keep more of their own money, when you are talking about the child credit—Senator Dole's package has provision for a $500 tax credit per child. That is very family friendly. That says families, if you have four kids and you are making $60,000, maybe two people working, you are going to have $2,000 more of your own money to spend at the local restaurants or at schools or for your family. That is going to help those businesses. Those businesses are going to

make more money. They are going to generate more jobs. It is going to help the economy and, I believe, actually spend it better than how the Government would spend it.

He also cuts the capital gains rate in half. Some people disagree with that. I believe we have at least a strong majority vote in the Congress to do it, because if you reduce the tax on financial transactions, you are going to have more. Some countries do not even tax financial transactions.

I think there are several things in Senator Dole's proposal that will stimulate the economy, that will balance the budget. He is also calling for a constitutional amendment to balance the budget. So he is sincere about doing it. I think he will do it. In spite of the fact that maybe one or two of his predecessors did not do what they said they were going to do, did not follow through, did not tell the truth to the American people, I believe Senator Dole is telling the truth. He is a man of his word. We will cut taxes. We will balance the budget. We will pass a constitutional amendment to balance the budget. I think that is significant, it is positive, and it will help the American economy and help American families as well.

I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. I do not want to cut off anybody, but I am trying to call up a bill that is a major bill. I do not want to block the Senator.

Does the Senator have a brief statement he wants to make?

Mr. INHOFE. Yes. I will be very brief.

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

EXPERIENCE IN INCREASING REVENUES

Mr. INHOFE. Mr. President, we have had three experiences in this century of increasing revenues: One was in the 1920's, one in the 1960's, and then in the 1980's. All three times it was a result, economists had to agree, of the fact that we reduced taxes and gave people more freedom. As a matter of fact, it was not a Republican but it was a Democrat, it was President Kennedy back in the 1960's, who observed that we have to increase revenues and the best way to do that is to reduce taxes. Of course, history showed that it did work. It worked again in the 1980's when we went from a total expenditure to run Government in 1980 of $517 billion to $1.03 trillion in 1990, a 10-year period in which we had the most dramatic decreases in taxes.

So I would certainly agree with the man who I believe will be the next President of the United States that the best way to get this country back on the right track is to reduce regulation, reduce taxes, and give people more individual freedoms.

I yield the floor.

FEDERAL AVIATION ADMINISTRATION PROGRAMS REAUTHORIZATION

Mr. PRESSLER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 539, S. 1994, the FAA reauthorization bill.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1994) to amend title 49, United States Code, to reauthorize programs of the Federal Aviation Administration, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. PRESSLER. Mr. President, I rise in support of S. 1994, the Federal Aviation Authorization Act of 1996. Today, I am offering a manager's amendment to the bill as originally considered by the Commerce Committee which includes a variety of critically needed improvements to address important safety and security issues affecting airports, airlines, and the travelling public.

This legislation is a comprehensive effort to deal with virtually all aspects of our Nation's air transportation system including: funding issues, security, the replacement of aging air traffic control equipment, and infrastructure development.

Mr. President, first and foremost, we must act to reauthorize the programs of the FAA before we leave this year or the FAA will be prohibited from issuing grants to airports for needed security and safety projects. In light of recent air transportation tragedies, we must act now to ensure this vital revenue stream remains available.

As I have indicated, there are dozens of important provisions in this legislation, but Mr. President, I would like to focus my remarks on three main areas.

First, aviation safety. Air transportation in this country is safe and remains the safest form of travel, however, we can and we must do more. This legislation facilitates the replacement of outdated air traffic control equipment. Importantly, it also puts in place a mechanism to evaluate long-term funding needs at the FAA. Much work has been done by Senator MCCAIN, HOLLINGS, FORD, STEVENS, and others, as well as the administration, and I want to congratulate them and thank them for their efforts in this regard. This effort is critically important given the projected growth in air travel over the next several years. Ensuring adequate funding in a time of increasing passenger traffic and diminishing Federal resources is a difficult issue and this legislation takes important steps forward.

A second area I want to highlight is aviation security. This legislation contains numerous provisions designed to improve security at our Nation's airlines and airports. Here again, I would like to thank a bipartisan group of Senators for their efforts to develop comprehensive recommendations for the bill. Senators HUTCHINSON and LAUTENBERG deserve special thanks for their tireless work in this area over the past several months. The measure before us today incorporates many of the suggestions from the House-passed antiterrorism bill, as well as new recommendations from the Gore Commission of which I am a member. Passage of this bill will improve aviation security by: spending deployment of the latest explosive detection systems; enhancing passenger screening processes; requiring criminal history record checks on screeners; requiring regular joint threat assessments and testing baggage match procedures.

The third and final area I wish to highlight Mr. President, is how this legislation will help small community air service and small airports, such as those in my State of South Dakota. The legislation before us today reauthorizes the Essential Air Service Program at the level of $50 million. This program is vital to States such as South Dakota and others. The bill also directs the Secretary of Transportation to conduct a comprehensive study on rural air service and fares. For too long, small communities have been forced to endure higher fares as a result of inadequate competition and the Department of Transportation will now look into this issue as a result of this bill. This follows on the important work that I instructed the General Accounting Office to initiate last year. And finally, in this legislation, we have taken steps to protect smaller airports in the event of funding downturns in the appropriations process.

The legislation guarantees that if airport funding were to be significantly reduced, smaller airports would not be disadvantaged disappropriately. As my colleagues know, larger facilities have a number of funding options available to them, including access to the bond communities, PFC, rates, and charges and the like. Smaller airports do not have the same options. I am pleased that we have developed a safeguard for smaller airports without significant modifications to the existing allocation formulas, while protecting existing letters of intent for multiyear funding projects at larger airports.

In summary, Mr. President, this legislation represents the culmination of over a year's work by the Commerce Committee and other interested Senators. It addresses our most pressing aviation needs—safety, security, and funding.

I urge all of my colleagues to support passage of S. 1994. We cannot adjourn for the year without taking final action on this important legislation. If we fail to act, the FAA's hands will be tied and they will be unable to address needed security and safety issues in every State in the Nation.