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Senate

The Senate met at 12 noon, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Oh God of hope, who inspires in us authentic hope in You, we thank You for the incredible happiness we feel when we trust You completely. The expectation of Your timely interventions to help us gives us stability and serenity. It makes us bold and courageous, fearless and free. We agree with the psalmist, "Happy is he * * * whose hope is in the Lord his God"—Psalm 146:5.

You have shown us that authentic hope always is rooted in Your faithfulness in keeping Your promises. We hear Your assurance, "Be not afraid, I am with you." We place our hope in Your problem-solving power, Your conflict-resolving presence, and Your anxiety-dissolving peace.

Father, the Senators and all who work with them face a busy week filled with challenges and opportunities. Important decisions must be made, an amendment to the Constitution considered, a crucial meeting of the leaders of the Congress with the President and the Vice President held. And in it all, we have a vibrant hope that You will inspire the spirit of patriotism that overcomes party spirit and the humility that makes possible dynamic unity. Give us hope for a truly great week of progress. In the name of our Lord and Savior. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator NICKLES, is recognized.

Mr. NICKLES. Mr. President, thank you.

THE CHAPLAIN'S PRAYER

Mr. NICKLES. I wish to thank the Chaplain again for a beautiful prayer. As always, he is very eloquent, very inspirational, and I think it would certainly behoove all of us to pay tribute and guidance to his lesson this morning.

SCHEDULE

Mr. NICKLES. Mr. President, today the Senate will be in a period of morning business until 1 o'clock this afternoon. At 1 o'clock, the Senate will resume consideration of Senate Joint Resolution 1, the constitutional amendment requiring a balanced budget. By unanimous consent, Senator WELLSTONE will be recognized to offer an amendment or two at 1 p.m. We hope to be able to complete all debate on Senator WELLSTONE's amendments today. However, any votes ordered on those amendments will occur during Tuesday's session.

Beginning at 3:30 today, the Senate will resume 2 hours of debate on Senator DURBIN's amendment regarding economic hardship. Under the order, a vote will occur on or in relation to the Durbin amendment at 5:30 this afternoon. I want to repeat that there will be a rollcall vote at 5:30 this afternoon. I also remind my colleagues that the Senate is scheduled to adjourn for the President's Day recess on Thursday of this week. In addition, tomorrow President Clinton is coming to the Capitol for a meeting, and also for Senators' information, the funeral for Ambassador Harriman is scheduled for Thursday. Therefore, this week will be busy as we continue to make progress on the balanced budget amendment and consider any nominations that may become available.

I might mention that it is possible we could have a vote on the U.S. Trade Representative this week, and it's even possible on Congressman RICHARDSON, who is up for U.N. Representative. As

always, we will try to keep all Senators advised on the schedule for the remainder of the week, as well as any ordered rollcall votes. There is a vote this evening at 5:30 in relation to the Durbin amendment.

I thank my colleagues and I yield the floor.

The PRESIDING OFFICER (Mr. BURNS). The time now being controlled is controlled by the Democratic leader or his designee.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I yield myself the time of the Democratic leader. If the Chair will alert me at the end of 15 minutes, I will appreciate that.

The PRESIDING OFFICER. I will do so.

THE PRESIDENT'S BUDGET PLAN

Mr. CONRAD. Mr. President, the President of the United States has now submitted his budget, a plan that extends for 5 years, a plan that continues us on the path of deficit reduction, a plan that will continue to reduce the role of the Federal Government in the life of the country, but one that will emphasize the priorities that he stressed in the most recent campaign—an emphasis on improving educational opportunity in the United States, a desire to preserve the important priorities of caring for our senior citizens through the Medicare Program, of also preserving the social safety net, and at the same time reforming the welfare program to provide that people who are in need of assistance go to work, where possible. All of these are contained in the President's latest budget submission.

I have heard a fair amount of criticism from various circles about various elements of the President's plan. I think it's appropriate to respond to those criticisms so that people who are

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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watching this debate unfold have a balanced view of what the President has proposed.

One of the criticisms that I have heard is that the President is proposing significant increases in Federal spending. Mr. President, if one looks at the fairest measure of what is happening to Federal spending, one comes to quite a different conclusion. I have prepared this chart that shows what has happened since 1992, back when the deficit was \$290 billion. It shows what has happened to Federal spending as a percentage of our national income. Also described is the gross domestic product. It is perhaps the fairest measure of what is happening to the Federal budget, because it looks, in inflation adjusted terms, at what is happening to Federal spending.

One can see by this chart that back in 1992 we were spending, at the Federal level, nearly 22 percent of our national income. In fact, it was 21.8 percent. Because of the 1993 budget deal that has done a dramatic job in reducing the Federal deficit by both cutting spending and also raising income taxes on the wealthiest 1 percent in this country, you can see what has happened. Spending, as a share of our national income by the Federal Government, has gone down—20.8 percent in 1996. Revenue went up, narrowing the gap between spending and revenue, and as a result, reducing the deficit. You can see, according to the President's plan, that Federal spending stabilizes for 1 year at 20.8 percent of national income and then starts declining each and every year until Federal spending declines to 19 percent of our national income.

Mr. President, that is dramatically lower than in any year under either the Reagan administration or the Bush administration. In fact, if you look back in terms of what the Federal Government was spending as a percentage of our national income in the years of President Reagan and President Bush, what you will find is that spending ranged between 22 and 23 percent of our national income. And so President Clinton's plan, which is to take us to 19 percent of our national income going to the Federal Government, is a dramatic reduction and put us at the lowest levels that we have experienced for a very long time.

Another thing that we have heard is that the President's plan uses a rosy scenario.

Mr. President, I am a former tax commissioner of my State. One of my jobs was to project the revenue of the State of North Dakota. One of the reasons I am here is I did a pretty good job of that. We are conservative. We were able to develop substantial surpluses because we had accurate projections of our income. That is critically important at the national level. And in order to make a determination as to whether or not this administration has been guilty of rosy scenarios perhaps it is most helpful to look at the record.

What did they project and what has happened? Mr. President, the record is abundantly clear.

This chart shows from 1993 to 1995 the projection for 1996 and what has happened. The blue line is the Office of Management and Budget controlled by the President. The red line is the Congressional Budget Office controlled by Congress. The green line is what has actually happened with the deficit. Interesting: What one finds is that both OMB and the Congressional Budget Office have been overly pessimistic. The fact is the deficit has declined much more sharply than either of them predicted. That is the fact. That is the record. The deficit during the term of this President has declined much more sharply—on average \$50 billion a year more—than this administration predicted. No rosy scenarios here. They have adopted a very conservative fiscal outlook not only in the 4 years that they have had responsibility for it but also looking forward. In fact, they are right in the mainstream of the blue chip economic forecasters that our major corporations rely on for their forecasts.

Mr. President, we have also heard criticism that the President's plan is back-end loaded; that is, 75 percent of the savings are in the last 2 years of this 5-year budget plan. Mr. President, I would like to see less back-end loading as well. I think it would be better if we have less in the way of back-end loading. But our critics on the other side of the aisle I think have a credibility problem because if you do a fifth of what they proposed last year in the budget resolution that they passed right in this Chamber, you take this deficit reduction path which is the blue line, and you fit President Clinton's 1998 budget submission in his proposed deficit reduction path and put the two together, look what you find. They are almost identical. This is what our friends on the other side of the Chamber here voted for just last year. It was OK then. But all of a sudden now the President proposes a deficit reduction path that is almost identical to the one they proposed, and all of a sudden it is a gimmick.

I think we can test the credibility of that statement just based on the facts. If one looks at the historical record to make judgments on who has credibility with respect to deficit reduction and who does not, let us just look at the last three administrations. Let us look at the facts that nobody can dispute.

These are the actual budget deficits year by year during the Reagan administration, the Bush administration, and the Clinton administration. Look what we see. In 1981 at the start of the Reagan administration the deficit was \$79 billion. It exploded promptly. Two years later we were up to \$208 billion. It kept going up to \$221 billion. Only at the end did we see the deficit start to come back down. Then the Bush administration took over, and it was all red ink. He took the deficit from \$153 billion and ran it up to \$290 billion.

This is historical fact. There is no question about these numbers. These are the official numbers of the Federal Government. In fact, these numbers come from the Congressional Budget Office.

Then President Clinton came into office, and each and every year the deficit has declined. In fact, we have gone from a deficit of \$290 billion in the last year of the Bush administration—this chart shows \$116 billion deficit for the most recent year. Actually it was somewhat better than that. When the final numbers came in, the deficit was down to \$107 billion. So there is a dramatic reduction in the budget deficit during the Clinton years.

Another way of looking at that is to look at these deficits with what is really the best way to measure, and that is as a percentage of our national income. That is the best way to measure it because that takes account of the inflationary changes over time. So you are comparing apples to apples instead of apples to oranges.

There we see the deficit record of this administration in comparison to the previous two administrations in an even more stark way. Because when President Reagan came into office, the deficit was 2.6 percent of our national income. Within 2 years, it was up to 6 percent of our national income. Then it worked its way back down to 3 percent. Again, President Bush took over, and in each and every year as a percentage of our national income the deficit went up—went up, went up until it was 4.7 percent of our national income by the last year of the Bush administration. And in the 4 years of this administration, each and every year, largely because of the 1993 budget deal, which every Democrat—or virtually every Democrat—voted for and every Republican voted against, we got the deficit going down; not talking about reducing the deficit but finally results. It went from 3.9 percent of our national income. And this chart shows down to 1.5 percent of our national income in the most recent year. Actually, it was somewhat better than that, as I indicated on the other chart. We actually got down to 1.4 percent of our national income.

Not only is that good performance when we match against the historical record of the United States but, if we look at other industrialized countries, we see that we now have the lowest deficit of any of the major industrialized countries in the world as measured against the size of our national income. In fact, other countries in Europe have a deficit as much as 7 percent of their national incomes. Most of them are in the 4 and 5 percent range.

So the United States has not only done well matched against its own historical record during the Clinton administration but has done remarkably well in comparison to what has happened in other major industrialized countries. Partly because we have had that kind of very successful deficit reduction, we have seen a remarkable

economic progress in the United States. And the list is a long one of the positive economic results that have come because we put in place a plan that actually reduced the budget deficit. That took pressure off of interest rates, and that had the very helpful effect of spurring economic growth in this country.

Let us just look at some of the very positive results.

First of all, we have seen 11 million new jobs created in this country in the 4 years of this administration—11 million new jobs. That is a remarkable record. We have also seen unemployment come down. Unemployment has dropped a full 2 percentage points. We have seen inflation at very low levels. In fact, we have the best record of sustained low levels of inflation in 20 years.

Those are not the only outstanding economic results. We have also seen median household income up, the largest increase in a decade. We have seen the largest decline in income inequality in 27 years in this country. I think that is something of great concern to anybody who is worried about the future of America. That has happened as a result of an economic plan that was put in place in 1993.

There are 1.6 million fewer people in poverty. That is as of last year. That is now over 2 million fewer people in poverty, the largest drop in 27 years.

The poverty rate for the elderly in America is at 10.5 percent, its lowest level ever, lowest level of elderly poverty in the history of our country, and the biggest drop in child poverty in 20 years.

These are facts. This is a remarkable economic record and one of which this administration can be justifiably proud.

We used to talk in America a lot about the misery index. Our friends on the other side of the aisle always used to like to talk about the misery index and how bad a thing that was and how bad the situation was in America. Well, we have good news to report because the misery index, which is a combination of the unemployment and inflation rate, is at its lowest level in 28 years—lowest level since 1968.

These are facts. These are facts of deficit reduction because of a plan that some of us had the courage to vote for in 1993, a plan that worked—a plan that has made dramatic progress in reducing the budget deficit but one that has also had extremely good effects in the rest of our economy, creating jobs, building economic growth, lowering poverty, and doing a whole series of things that have made America now the most competitive nation on the face of the globe.

For a number of years there, we were very concerned that the United States could not remain competitive, and we thought the Asians were passing us. We thought the Japanese were passing us. We were concerned the Germans were on the march and on the move and we were stopped dead in our tracks.

For the last 2 years, when the experts analyzed the competitive position of the countries, the major industrialized countries in the world, the United States was No. 1. We have resumed our top position. It is due in no small measure to the economic plan that we put in place in 1993.

Some who are listening might say, well, this is a Democratic Senator speaking, and he is being partisan in terms of analyzing who should get the credit for what has happened since that 1993 financial plan was put into place. It is not just the view of this Senator. It is not just a review of the facts that lead us to this conclusion. Mr. Greenspan, testifying last year at about this time, said the deficit reduction in President Clinton's 1993 economic plan was:

An unquestioned factor in contributing to the improvement in economic activity that occurred thereafter.

Mr. Greenspan is not a partisan. Mr. Greenspan, in fact, I think is a prominent member of the other party, but he acknowledges what is true, and what is true is very clear. This administration has made the hard choices. They made them in 1993, when a lot of us stood up and joined them in making the hard choices, and we paid a terrible price in this party at the polls in 1994 because those hard choices did cut spending. Yes, they did raise revenue, raised incomes taxes on the wealthiest 1 percent in this country.

I had a woman stop me the other day in Fargo, ND, and she said, "You have to quit raising taxes down there in Washington." I asked her if she made \$140,000 a year. She said, "Oh, certainly not." I said, "Well, you did not have your taxes raised. You did not have your taxes raised unless you are making \$140,000 a year. Your income taxes have not gone up."

That is the reality. That is the truth of the matter. I think as we go through this budget debate we ought to remember precisely how we got to where we are. The fact is that 1993 budget plan, which some of us voted for that has made such a profound difference, by the year 2002 will reduce the indebtedness that would have otherwise occurred by \$2.5 trillion. Incredible. You look back to 1993. All of the projections were that the debt and deficits were going to skyrocket, they were going right off the charts. But we took action. Some of us voted for a plan that has produced real results, and the day before yesterday Mr. Raines, the head of the Office of Management and Budget in this administration, was able to report that by the year 2002 the 1993 budget plan will have reduced what would have otherwise occurred in terms of the growth of the debt by \$2.5 trillion.

Those were hard choices that had to be made in 1993, and they were made, and the result is that we are in very a fortuitous position of having more to do, we need to do more, but we are pretty close to where we want to get.

Mr. President, how much time remains on our side?

The PRESIDING OFFICER. There are 4 minutes remaining.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

Mr. CONRAD. Mr. President, before the Senate is the question of the balanced budget amendment to the Constitution of the United States. I testified 2 weeks ago before the Judiciary Committee on this question.

I believe deeply in the need to balance the Federal budget. We have a responsibility to do that because just over the horizon, even with all the progress that has been made here, we have the demographic time bomb lying out there, and that time bomb is the retirement of the baby boom generation. When they start to retire, they are going to dramatically increase the number of people who are eligible for our major Federal programs. In fact, in very short order, they are going to double the number of people who are eligible for Social Security and Medicare and other programs like veterans' benefits. So, while enormous progress has been made, we have to do more. We have to do more.

Some say the answer is an amendment to the Constitution. Properly crafted, I would support an amendment to the Constitution. But the one before us is not properly crafted.

Let me just give three reasons why I believe it is not properly crafted. First, the balanced budget amendment before us in this Chamber will not balance the budget at all—not at all. Boy, would the American people be surprised to find out, if this passes, that come the year 2002, when the budget is supposed to be balanced, the debt is still increasing. Won't they be surprised after having been told that the Senate and the House have passed a balanced budget amendment to the Constitution of the United States.

Why is that the case? Why would the debt be increasing even after the year 2002 if we have a balanced budget amendment to the Constitution?

The answer is very simple. The definition of balanced budget that is in this amendment is not the definition of a balanced budget at all, because it includes every penny of Social Security surplus that is going to accrue to the Federal Treasury between now and the year 2002 and in the years thereafter. This balanced budget amendment, so-called balanced budget amendment, would loot and raid the Social Security trust fund of \$450 billion over just the next 5 years, take every penny of Social Security surplus, throw that into the pot, and call it a balanced budget.

No private employer in this country would be able to take the retirement funds of their employees and throw those into the pot and say they balanced their operating budget. In fact, that would be a violation of Federal law. That is what the Federal Government is doing today for Social Security