What are the current problems with Medicare? There are several. Let me name three. No. 1, it does not provide for prescription drugs. Senator citizens get drugs when they are in the hospital, but Medicare will not pay for prescription drugs when they are out of the hospital. There is zero payment under Medicare for prescription drugs.

We all know that health care is changing in America. It is changing a little bit more from procedures and a little more toward drugs, DNA benefits, and things of that nature. Drugs have become much more important. That is one problem with Medicare. We have to provide for prescription drugs. Medicare does not now provide for outpatient prescription drugs.

No. 2, this Congress got back on Medicare payments too much in 1997 with the so-called Balanced Budget Act of 1997. Medicare payments to hospitals increased significantly, I think on average about 10 percent over the 1990s. Now it is negative, it is cut back, because this Congress enacted a couple of years ago, which were too great, too much. We all hear it from our hospitals back home, whether they are teaching or rural hospitals, that it has been too much. That has to be dealt with. The majority budget does not deal with it, which is another reason for my amendment.

No. 3, Medicare is in trouble, folks. We all talk about Social Security. The Social Security trust fund will not reach zero deficit for 20 or 30 years. The Medicare trust fund will come down to zero, depending upon who is making the estimates, perhaps 12 or 15 years from now, much sooner than the Social Security trust fund.

I say, therefore, we should pay attention to Medicare. The amendment I will offer will provide that one-third of the on-budget surplus, one-third of the $1 trillion, will be dedicated to Medicare.

I know the arguments. We have to have structural reform of Medicare first before we can put more money into Medicare. I think most agree we need both structural reform and additional money for Medicare. When we in the Congress begin to address structural reform in Medicare, my guess is we will probably not have money anyway so it is good to set aside one-third of the on-budget surplus for Medicare. If we do not need that one-third at the time, we can send it back to the people in tax cuts or we can use it for veterans' care or for education or for whatnot.

In summation—and I thank the Chair for his patience—at the appropriate time, I will be offering an amendment along with Senator CONRAD to provide that one-third of the on-budget surplus be dedicated to Medicare along with the other surplus dedicated to Social Security. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio.
When the Nation’s premier economist warns Congress not to invest in long-range projections, it makes sense for us to listen.

Most Americans do not realize that 14 percent of their tax dollar goes to pay off the interest on the debt, 15 percent out of every dollar. We are only spending 15 percent on national defense—and the President knows we need to do better in that regard—and nondefense discretionary spending, 17 percent.

We are spending more on interest payments today than we spend on Medicare. We are spending five times as much on interest than we spend on education; 15 times as much as we spend on research at the National Institutes of Health.

The surplus is only a projection that cannot be spent. If spending is increased or taxes are cut based on the expectation of huge surpluses and the projection turns out to be wrong, deficits easily could reappear where none were forecast.

Given all that uncertainty about whether or not we will have a budget surplus next year, it makes the most sense for us to remain cautious. We should wait and see if the budget surplus we are currently projecting for fiscal year 2000 even materializes before we embark on new spending programs, as the President and the Democrats in Congress want to do, or cut taxes as Republicans are proposing.

As Chairman Greenspan said: [The] advantages that I perceive that would accrue to this economy from a significant decline in the outstanding debt to the public and its virtuous cycle on the total budget process is a value which I think far exceeds anything else we could do with the money.

I think we have a problem. Do you really think that Congress would make the tough choices we are going to need to make to get rid of $27 billion this year in order to maintain the budget caps? I do not think it is going to happen. I think many people today are saying that for defense spending, to deal with Medicare, we are probably going to have to break the caps.

If we break the caps, the $14 billion surplus of next year is gone; it is gone. We need to recognize there is no surplus. And if the economic circumstances provide an on-budget surplus—and, boy, we would love to have that—we need to use that money to pay down the debt: no spending hikes, no tax cuts, just pay down the debt.

If the President and Congress need an example, all we have to do is emulate what most American families do when times are good and they have extra money. They do not go out and start spending wildly. They look to pay off their debts—credit cards, loans, and mortgages. It is the responsible thing to do, and it is something that Government must do.

It was interesting. I was at a meeting the other day and asked the people at the table: What do you think about reducing your spending? And they came back to me—conservative businessmen— and said: You know, usually you reduce taxes when the economy is in trouble.

One of the gentlemen said: You know, today what people are concerned about is Social Security, and they are not worried about the budget results that we can do is cool it. I urge my colleagues to stop and look at the projected numbers because they are not real. And if we continue to treat them as if they really are, the consequences of spending money we do not have will be very real and, I think, very bad for the United States of America.

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

Mr. VOINOVICH. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. Two and one-half minutes remain.

Mr. VOINOVICH. I would prefer not to yield because I promised the Senator from Louisiana that she would have time. I would rather not yield this time.

I yield to the Senator from Louisiana.

Mr. DURBIN. I thank the Senator from Illinois.

Mr. VOINOVICH. I would prefer not to yield. I was promised time by the Senator from Illinois.

The PRESIDING OFFICER. The time is not allocated to the parties. It was allocated to the individual Senators who requested the time. The Senator from Ohio has been using some of the time from the Senator from Alabama.

Ms. LANDRIEU. I thank the Senator from Ohio for recognizing that I want to speak for 10 minutes. I would like to ask, how much time remains on the Democratic side under this morning business segment?

The PRESIDING OFFICER. The time is not allocated to the parties. It was allocated to the individual Senators who requested the time. The Senator from Ohio has been using some of the time from the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Let me say at the outset to my friend, the Senator from Ohio, what a breath of fresh air he is. I commend him. I believe his statement is as forthright as any given on the floor concerning the state of the economy, whether we have a real surplus or we do not, and what is the prudent thing to do. Because what the Senator from Ohio learns when he goes home is the same thing I have learned as a Democratic Senator going home to Illinois: People do not have this passion for tax cuts or brand new spending programs.

The first thing they say to me is: What are you going to do to get rid of this national debt, this debt that started off at $1 trillion at the end of President Carter’s administration and is now over $5 trillion? I say to the Senator from Ohio, it is my understanding...
that that debt costs us, as taxpayers, $1 billion a day. They net it out, because we earn into the floor. What are you going to do to get rid of this debt so our children are not burdened with these interest payments? We are really trying to square away the books from the last 20 years.

What the Senator from Ohio said on the floor, I think, is a very wise course of action. That should be our highest priority: reducing the debt and keeping our obligations to Social Security and Medicare.

I do not want to put words in the mouth of the Senator from Ohio, but my fear is those who anticipate surpluses that may not materialize could put us on a bad track. We could be headed back toward deficits, toward red ink, and toward an economy we do not want to see.

The same business people I speak to say, there may come a time, if we have a recession, when a tax cut is the right medicine because it would give the American families more money to spend and bring us out of a recession. But certainly we are not in those days now.

We have a strong economy, a vibrant economy; and, if anything, the fear is it may overheat with too much demand. If that happens, the Federal Reserve Board steps in and raises interest rates, which penalizes every family with an adjustable mortgage and business people who are trying to keep and expand their business.

The Senator from Ohio has really laid the basis for a sensible bipartisan approach. I hope we can work together, as we have in the past. I have admired his independence and the fact that he has been very forthright in his views. I listened carefully to what he said during the course of his statement. I think it really provides a common ground for a bipartisan approach that really is good for the economy and good for future generations.

As I see the Senator from Louisiana is prepared to speak, I yield back the remainder of my time.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I commend the Senator from Ohio for his remarks about the importance of our Social Security surplus and preserving it so we can invest and strengthen something the American people and the American families have come to rely on and to appreciate. It is actually something that sets us apart from many nations in the world, that we actually have a safety net that works for older Americans—to honor the fact that they have worked hard through their lives, sometimes at minimum wage jobs, for 30 and 40 and 50 years.

We say, as Americans, if you are president of a corporation or if you are an owner of a small business, or even if you are a minimum wage laborer, we want to have a retirement system that keeps you out of poverty when you are simply at an age where you cannot work and increase your income.

So it is important to us. It is a value. It is something more than just a program. It is something more than just a Government program or an initiative. It is a value of America. I think both sides of the aisle recognize that.

Although there are some differences in the way we would approach the specific lockbox notion, we have made great strides in recognizing that $2 trillion of this $3 trillion surplus needs to be set aside for Social Security. It is important for our Nation. Most certainly, it is a Members of this Congress that may have repercussions for the next generation or two, an opportunity that we haven’t really had since 1981 when there was a huge tax cut, and, many of us think, an irresponsible tax cut given at that time that drove our deficits tremendously upward and raised the debt of this Nation.

We are now in the process of debating what is most important to people: our real surplus in non-Social Security revenues. We know what we want to do with the Social Security surplus, and that is to set it aside to strengthen this program because it is a value that Americans share. What do we do with the non-Social Security surplus?

I am one of the Members on this side who hope we can find some measure of tax relief for hard-working, middle-income, low-income Americans, to do it in a way that helps to close the gap in this country between the haves and the have-nots, that helps our children in the next generation to become part of this new economy. I hope we can fashion some smaller, responsible, well-thought-out measures of tax relief for low-income and middle-income families that will help them, their children, and their grandchildren to participate in perhaps the greatest economic boom to ever happen in the history of the world, not just in this Nation, but just in this century, but an economic prosperity that is unprecedented in the history of many nations.

What we want to do is to go forward and certainly support one that is responsible and along responsible fiscal line. It is in such a way that it helps to give our children and our grandchildren the opportunity to participate by improving their skills, by improving their opportunity to create their own businesses, by giving them the opportunities for them to participate in this new economy.

One of the things that is very important to our generation and to the generations to come is reflected in a new poll that was just released this week by Frank Luntz, commissioned by the Nature Conservancy, about fiscal responsibility. It is also about the Department of Interior, the appropriations bill we are going to be discussing for the Department of Interior.

One of the important issues is how we might reallocate surpluses in our continued quest for fiscal responsibility in this Nation, how to direct some of the revenues coming into the Federal Treasury. A great source of revenue that has been coming into the Federal Treasury over the last 50 years at about $4 billion a year—sometimes more, sometimes less—for a total of $120 billion since 1955 has been money from offshore oil and gas revenues. That money, from the Outer Continental Shelf of the United States, primarily off the shores of Louisiana, contributed to a great deal by Mississippi, Texas, and Alaska, the producing States, has gone in the Federal Treasury and has been used basically for general operating funds.

I and many of my colleagues on this side and the other side of the aisle, a bipartisan coalition, think now is the time, as we debate what to do with these surpluses, as we debate how to reallocate some of these revenues, as we debate what are the proper investments to make in the next century regarding tax reductions and investments in education, to talk about making a strong, permanent commitment to our environment.

As the poll results I am going to submit for the RECORD this afternoon indicate, by a wide majority, Republicans and Democrats, young and old, people who live on the east coast and the west coast, people who live in the flat plains and in the mountains overwhelmingly support a real trust fund and a real commitment to preserve parks, recreation areas, open spaces, and wildlife in this Nation.

That is what one of the bills, S. 25, which has been moving through this process both in the House and the Senate, will do. It would make permanent a source of funding from Outer Continental Shelf revenues within the framework of a balanced budget, in a very fiscally conservative way, by using these revenues that are coming from a nonrenewable resource.