abruptly. We will get it down within 2 or 3 years of the time that we would get it down if we put all of it on there, or tried to. Then we would take all of the Social Security trust fund money, put it in a lockbox; Medicare. And then we could still provide for very high priority items, both in appropriations and elsewhere. And what is left could, indeed, be $1.6 trillion that we ought to give back to the American people rather than keep up here to be spent.

If we do not give some of this back to the American people, and start soon giving it back a little bit each year, I think the highest probability is that the pressure that will be responded to will be to spend it. There is already some evidence that in the last 6 months we have spent over the baseline, over the amount that would have been expected, $561 billion over the next decade. That is what we have done in appropriations. That is what we have done in entitlements. That is what we have done for veterans and a whole list of them. Surplus was here in abundance. Spending occurred in abundance, and I believe the American people would not like to see a much larger Government because of these surpluses. I think they would like to see Government at the most efficient level possible.

They would clearly like us to give some of this money back to them. I will leave for others on another day whose tax plan is best. I already hear Democrats saying they want a tax cut but not as large as the President does, and they want different shapes and models of it. So, from my standpoint, I am not going to discuss the details of the plan, other than to say one thing: That same Dr. Alan Greenspan who came upon these facts and suggested to us that if we didn't give some of this money back to the people, there would be an accumulation of money in the hands of the Federal Government—and he saw no alternative other than the Federal Government would start investing it in assets of America—contends that would be a negative factor on the growth, prosperity, and efficiency of the American economy, which is what we need for the future of Social Security and Medicare and for our people to have sustained, increasing paychecks.

When you add all this together, you would then say if you are going to give part of it back to the American people—and I want everybody to understand that after you take all the Social Security money and put it where it belongs, you have $3.1 trillion that is sitting there over the next decade if you believe, or at least have sufficient trust in the estimating, as I do, to act upon it. It is $3.1 trillion. That is almost unfathomable to people listening, and probably to most Senators and their staffs and my staff and me—$3.1 trillion. I could give you a number. Our whole budget for everything, including entitlements, appropriations, and the like is somewhere around $1.6 trillion to $1.8 trillion per year. So here we have a surplus that is almost twice as big as the total outlays of the Federal Government for a full year. That is at least a comparable.

That same Dr. Greenspan has consistently told us, if you have a surplus, the best thing you can do is pay down the debt. He has qualified that now and said, yes, pay it down under a glidepath that is best for America. Don't pay it down abruptly because you are apt to create money in the pockets and drawers of the American Government that will invest it in less efficient Government by acquiring assets, owning things.

Having said that, what else has he said repeatedly and reconfirmed? If you are going to have a positive impact on the prosperity level of Americans and have the economy grow, the best tax medicine is marginal rate reductions. Cut everybody's marginal taxes some. He says it will increase savings, it will increase investment, and it is the best way to use tax dollars. He says the third and worst way to have a positive impact on our future is to spend the surplus.

I believe we are moving in the right direction. Debate is good and the President is leading well. I think before we are finished, we will have a significant tax cut of the right kind and still do the marriage penalty and death taxes, and we will have a very formidable expenditure budget. Everything can grow substantially, especially priority items. I think if we work together and work with the President, we can give the American people something very good by the end of this year.

I yield the floor.

The PRESIDING OFFICER (Mr. BURNS). Under the previous order, the time from 12 noon to 1 p.m. is under the control of the Senator from West Virginia, Mr. BYRD.

PROJECTED SURPLUSES

Mr. BYRD. Mr. President, I have listened to my distinguished friend from New Mexico with great interest. May I compliment him on the broad range of testimony that his Budget Committee has been acquiring through expert witnesses. I am a new member of the committee. I am very impressed with the well-organized, well-focused hearings that are being conducted in that committee.

Mr. President, our Nation is facing a fork in the road. The Congressional Budget Office is projecting a 10-year surplus of $2.7 trillion, excluding the Social Security and Medicare surpluses. These surpluses provide us with the opportunity to invest in our future and to deal with the long-term threats to the budget, such as the retirement of the baby boom generation.

The administration is proposing large and ballooning tax cuts which, if enacted, would have a significant impact on the Federal budget for decades to come. It falls to the Congress to decide how much to allocate to tax cuts, how much to spending increases, and how much to reserve for debt reduction.

Before we make these decisions, we must first decide whether we have sufficient confidence in the surplus estimates to use them to make long-term budget decisions. In his recent testimony before the Senate Budget Committee, Federal Reserve Board Chairman Alan Greenspan—and his name has been referred to already by my dear colleague, Mr. DOMENICI—expressed his hope that we use caution. He said:

> In recognition of the uncertainties in the economic and budget outlook, it is important that any long-term tax plan or spending initiative, for that matter, be phased in. Conceivably, (the long-term tax plan) could include provisions that, in some way, would limit surplus-reducing actions if specified targets for the budget surplus and federal debt were not satisfied.

Now, while we all rely on the professional estimates provided by the Congressional Budget Office, we must recognize that long-term budget projections often have proved to be wrong. In its own report, entitled ''The Budget and Economic Outlook: Fiscal Years 2002–2011,'' released last week, CBO characterizes its estimates as uncertain. On page 95 of that report, CBO States that the estimated surplus could be off in one direction or the other, on average, by about $52 billion in fiscal year 2001, by $120 billion in fiscal year 2002, and by $412 billion in fiscal year 2006. CBO confirmed in testimony before the Senate Budget Committee last week that this uncertainty would grow even larger for fiscal year 2007 through fiscal year 2011.

Further evidence of the volatility of these estimates can be found on page XV of the summary of the CBO report. In summary table 2, entitled ''Changes in CBO's Projections of the Surplus Since July 2000,'' CBO changes its 10-year revenue estimate by $919 billion. In just 6 months, therefore, from July of 2000 to January of 2001, CBO changed its revenue estimate, I repeat, by $919 billion and its 10-year estimate of the surplus by over $1 trillion for economic and technical reasons alone.

In its report, CBO concludes that there is ''some significant probability'' that the surpluses will be quite different from the CBO baseline projections.

Let me now use this chart, entitled ''Uncertainty in CBO's Projections of the Surplus Under Current Policies, in Trillions of Dollars.'' In fact, CBO indicates that, ''there is some probability, albeit small, that the budget might fall into deficit in the year 2006, even without policy changes.'' So on page xviii of the report, CBO indicates that the probability that actual surpluses will fall—we can see that in the darkest area on the chart—is only 10 percent.

The probability that the surplus will fall in the shaded area is 90 percent. Imagine that after some 15 years of crawling and scratching to get out of the deficit hole, the ''d'' word just might reappear in our national vocabulary in a scant 5 years even if we stay the course. The ''d'' word of course, is ''deficit.''

Yet we are now being asked by President Bush and the Republican leadership to use these extremely tenuous 10-year budget estimates as the baseline for considering a tax cut that could cost $2 trillion or more over the next 10 years. We have been down this road before, and sadly I went along for the ride. In 1981, as my good friend, the senior Senator from Maryland, Mr. SARBANES, well knows, President Reagan proposed a large tax cut over 5 years. There are not many in this town who remember that his 5-year budget plan projected a surplus for fiscal year 1984 of $1 billion; for fiscal year 1985, a surplus of $6 billion; and for fiscal year 1986, a surplus of $28 billion.

Congress passed the tax cut bill that reduced revenues by over $1 trillion from fiscal year 1982 to fiscal year 1987. Did the Reagan administration's projected surpluses come to pass? No. In fact, precisely the opposite occurred. The fiscal year 1984 deficit was not a surplus of $1 billion as projected. The fiscal year 1984 deficit was $185 billion—using the ''d'' word, ''deficit.'' The fiscal year 1985 deficit was $212 billion. The fiscal year 1986 deficit was $221 billion.

Mr. SARBANES. Mr. President, will the Senator yield?

Mr. BYRD. Yes. I yield.

Mr. SARBANES. These figures are the actual deficit figures the Senator is talking about.

Mr. BYRD. Yes, indeed.

Mr. SARBANES. They should be contrasted with the projections which were made only a few years before—projections which projected surpluses. Am I correct?

Mr. BYRD. Precisely.

Mr. SARBANES. I think this is an extraordinarily important point. We have these projections now. We are talking about having a surplus of trillions over 10 years, and yet two-thirds of the surplus being projected now is in the last 5 years of the 10-year period.

Mr. BYRD. Yes.

Mr. SARBANES. Everyone has underscored that you can't really base a policy on these projections, they are so uncertain. As the Senator pointed out earlier in his statement, in just 6 months the Congressional Budget Office changed its projections to raise the surplus estimate by about $1 trillion between last summer and last month.

Mr. BYRD. Yes. That is remarkable.

Mr. SARBANES. I want to bring one other fact to your attention, and then I will certainly yield back to the Senator.

Just to show you how fragile these budget surplus estimates are, in 1995 CBO estimated that in the year 2000 we would have a deficit of $342 billion. Five years out they were making that projection. Instead, we had a surplus of $236 billion, because we restrained ourselves on spending. We recouped taxes in order to balance the budget. That is a swing of $578 billion from the projections to the actuality. That was only projecting 5 years. Now we are talking about projections that go for 10 years.

I think the Senator is absolutely right to underscore the fragile nature, which would be the best way to put it, of budget projections. These projections have almost an evaporating dimension to them. I think we have to be extremely careful, cautious, and prudent in planning our policy if we are using these kinds of projections.

Of course, the Senator just underscored it, by outlining the projections that were made in the Reagan years to support the tax cut and how far from the mark they were, only a few years later—not quite immediately, but only a few years later.

Mr. BYRD. Yes.

Mr. SARBANES. I thank the Senator for yielding.

Mr. BYRD. I thank the distinguished Senator. He served with me as we sought to have the President postpone the third year of that 3-year tax cut until such time as we could see what the impact of the 2 previous years' tax cuts was going to be on the budget and on the economy.

I remember going down to the White House. I was the minority leader at that time. As I say, there in the Oval Office I said to the President: Mr. President, you are proposing a tax cut over 3 years—I believe it was 3 years—5 percent, then 10 percent, and then 10 percent? It may not be the exact sequence, but those are the correct numbers. Why not wait until we see what the results are and the impact is for the first 2 years? Why go ahead now and add a third year of tax cuts? Why do it now? Why not wait?

President Reagan responded. After he responded, I said: Mr. President, that doesn't answer my question. So he turned to Mr. Regan, who was the Secretary of the Treasury, and asked Mr. Regan to explain to me why we had to have 3 consecutive years all at once. Mr. Regan sought to explain it. When he finished, I said: Well, Mr. Regan, you still haven't answered my question.

President Reagan then turned to Mr. Meese and asked Mr. Meese to explain it. This was all down in the Oval Office. Mr. Meese explained it somewhat like this: Senator, in order to give to the business people of this country certainty that there will be 3 years of tax cuts and in these amounts, in order that they might plan ahead with certainty, we need to package the three tax cuts in one bill.

That was a reasonable explanation. I didn't buy it. But there were some people who might buy it. And there was something to it.

I came back to the Hill, and on the Senate floor I, with Mr. SARBANES and others on this side—we were in the minority then as we are now—offered an amendment to postpone that third year until after the first 2 years of tax cuts had been implemented. We lost, of course. As we see, the projections did not pan out.

Lord Byron said, ''History, with all thy volumes vast, hath but one page.'' Well, the one page of history that we see today tells us very clearly that we cannot depend upon these projections.

I know of no one who can better testify to this fact than the distinguished Senator from Maryland, Mr. SARBANES. He has served on the Joint Economic Committee for several years.

Regarding the administration's 3-year across-the-board tax cut, we tried. We lost. In order to help give President Reagan's economic program a chance, I voted for the final bill because my people in West Virginia who send me here said: Give him a chance. Give this new President a chance.

''Give him a chance.'' So I did, I gave him a chance. I voted for the Reagan tax cut. It was a mistake on my part.

On October 1, 1981, I went out on the floor as minority leader to take a look forward to the new fiscal year. On that day I said: ''Today is the beginning of the new fiscal year. Yesterday, there was a kind of New Year's Eve celebration. The trouble with New Year's Eve celebrations, we all have to wake up the next day and face reality.''

I quoted Arthur Schlesinger who wrote: ''This supply side fantasy is voodoo economics. The witch doctors have had their day. Reality is awaiting.''

On that October day, I noted: ''. . . The administration's brave words and rosy predictions began to wilt.''

The reality was that deficits as far as the human eye could see were out there. Deficits peaked in fiscal year 1992 at $290 billion. Not until fiscal year 1998, 17 years after the 1981 Reagan tax cuts, were we able to achieve a budget surplus. Having passed the Reagan tax cuts in 1981, which in large part created these unprecedented triple-digit, billion-dollar deficits, the Congress had no choice but to pass, and Presidents Reagan, Bush, and Clinton signed, numerous bills to correct our mistake and increase taxes in hopes of stemming the unprecedented tide of red ink.

The Budget anachronisms of those tax increase measures are painful to recall: TEFRA, DeFRA, OBRA of 1987, OBRA of 1990, OBRA of 1993, and so on.

Despite all of these efforts to stem the red ink during the 12 years of Presidents Reagan and Bush, the national debt rose from $932 billion, the day Mr. Reagan took office on January 20, 1981, to $2.683 trillion the day Mr. Reagan left office; to $4.097 trillion the day President Bush left office on January 20, 1993. These protracted deficits also resulted in higher interest rates for you and for you and for you, the American taxpayer, to pay. This forced the average American to pay more for his mortgage, more for his car, more for his child's education because of our rush to enact a huge tax cut. Because of our rush to enact a huge tax cut, the benefits of which went mainly to the wealthiest taxpayer, many, many middle-class American taxpayers were left with shrinking paychecks and shriveled dreams.

As a result of the tough votes we took on the deficit reduction bills of 1990, Senator SARBANES, and 1993, do you remember 1990, when we went over to Andrews Air Force Base? And do you remember 1993 when we passed the bill for which no Republican in the House or in the Senate voted? We are now reducing the debt held by the public, but gross debt continues to grow to this day.

Our current gross debt is $5.6 trillion. Here is the chart: $5.646 trillion. The chart will show that, if these $5 trillion were stacked in $1 bills, the national debt would reach into the stratosphere 382 miles.

May I ask Senator SARBANES if he remembers when Mr. Reagan first came into office, Mr. Reagan made a presentation to the American public on television, and in that presentation Mr. Reagan talked about the debt he had inherited. It was $932 billion at that time. Mr. Reagan very graphically presented it by saying: If this $932 billion were in $1 bills, that stack of $1 bills representing the national debt of $932 billion which I inherited would reach into the stratosphere 63 miles.

When Mr. Reagan left office, that same stack of $1 bills would have reached into the stratosphere 182 miles, three times what it was when Mr. Reagan took office.

Our current gross debt worldwide is $929 for every man, woman, and child. Get that: Our current gross debt comes to $929 for every man, woman, and child around the globe! That is not pocket change. It represents $20,062 per man, woman, and child in the United States.

Some may argue that increased Federal spending is responsible for the deficit. That is not so, not totally so. Looking at the chart entitled ''Total Federal Spending Lowest Level Since 1966,'' I have heard my ranking member on the Budget Committee, Mr. CONRAD, refer to this chart and to this total of Federal spending. He has said it is the lowest level since 1966.

Federal spending this year is only 1.2 percent of GDP, the lowest since 1966, and almost 5 percentage points less than in 1982 during the Reagan administration, and 4 percentage points less than in 1992 during the Bush Administration.

Once again, we face the fork in the road. We have faced it before. We took the wrong path. We voted for that tax cut. But this time, we have a signpost. It is easy to vote for a tax cut. I love to cast easy votes. The easiest vote I have ever cast in my 55 years in politics has been a vote to cut taxes. Oh how easy. It doesn't take much courage to do that.

Mr. SARBANES. Will the Senator yield?

Mr. BYRD. I yield.

Mr. SARBANES. I want to underscore what the Senator is saying. Some make the argument that somehow it takes great political courage to advocate a sweeping tax cut. I have never encountered that in the course of my public career; a tax cut is always welcome. If it is possible, if the fiscal circumstances are such, I think we should consider doing tax cuts. But the real problem is always how to act in a responsible manner and how to think about the future and not rush. The paper this morning has an article entitled ''Congressional Republicans Seek Bush's Big Tax Cut and Think Bigger.''

Another headline says, ''Business Vows to Seek Its Share of Tax Relief.''

Once you take the lid off the punch bowl, everyone wants to come to the punch bowl and gorge themselves. The real challenge, the difficult political challenge, is not to do the tax cut. The difficult political challenge is to restrain yourself so whatever you do is done in a responsible manner, in a manner that takes into account the future of the country—by ''the future'' I don't just mean next year, but the next generation and the generation after that—and in a manner that will build the strength of the Nation over time. That is the difficult challenge. I agree completely with the Senator in his observation.

Mr. BYRD. I thank my friend.

Does the Senator from Maryland have grandchildren?

Mr. SARBANES. I do, indeed.

Mr. BYRD. Does he have great grandchildren?

Mr. SARBANES. Not yet.

Mr. BYRD. One day we will leave this Chamber for the last time. And, if I am able to do so, I will look in a mirror. I will say to myself: How did you serve? Did you think mostly of yourself? Did you think in terms of only your generation? Did you think in terms of your children's future? Did you think about your great grandchildren? What about that little great granddaughter? She is going to be in school one day.

When I look into that mirror, what will I say as to my stewardship during these years when I have served the people in the Congress? If I haven't served well, I shall have cheated that great granddaughter. I shall have cheated my daughters and my grandchildren.

I would say as I look in that mirror:

When you get all you want in your struggle for pelf,
And the world makes you King for a day,
Then go to the mirror and look at yourself,
And see what that guy has to say.
For it isn't your Father, or Mother, or Wife,
Who judgment upon you must pass.
The fellow whose verdict counts most in your life
Is the man staring back from the glass.
He's the fellow to please, never mind all the rest,
For he's with you clear down to the end,
And you've passed your most dangerous, most difficult test
If the man in the glass is your friend.
You may be like Jack Horner and ''chisel'' a plum,
And think you're a wonderful guy,
But the man in the glass will just say you're a bum
If you can't look him straight in the eye.
You may fool the whole world down the pathway of years,
And get pats on the back as you pass,
But your final reward will be heartaches and tears,
If you've cheated the man in the glass.

If I have cheated the people who sent me here, if I have cheated my grandchildren, my children, your children, then I shall have cheated myself most of all.

Senator SARBANES and Senator CONRAD, we will have to look in that glass one day. And right here coming up, this year is one of the tests as to how we are going to react to the challenge before us.

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

Mr. BYRD. Yes.

Mr. CONRAD. The Senator attended the Budget Committee yesterday in which we heard from the Comptroller General of the United States, the head of the General Accounting Office. He warned us of precisely what you are talking about. He warned us that this near-term outlook has improved, but the long-term outlook has gotten worse. Does the Senator remember that testimony?

Mr. BYRD. Yes. I do. I do. And I was very much impressed by that. We were talking about 10 years. What was the testimony, just beyond the 10 years?

Mr. CONRAD. The Comptroller General of the United States alerted us that just beyond the 10 years lie massive deficits. We are talking about short-term surpluses, but there are massive deficits to come and we ought to take this window of opportunity to strengthen ourselves for the future.

We had four demographers today before the Senate Budget Committee with this same message, telling us that if we would set aside some of these acorns, instead of using them all, consuming them all in a tax cut or spending—but, instead use some of it to pay down this long-term debt and address this long-term demographic time bomb, the retirement of the baby boom generation—that we will have a much stronger economy in the future.

It is really a message that Senator SARBANES has delivered so powerfully in the past to the members of the committee. If we are really thinking ahead, we will realize we ought to take some of these funds and invest them for the future to reduce our long-term indebtedness, to expand the pool of savings, to expand the pool of investment, to take pressure off of interest rates, and to have a much bigger economy when the baby boomers start to retire.

That is really the lesson that Senator SARBANES has provided to us day after day in the committee as well.

Mr. BYRD. Yes. Yes. I thank the distinguished ranking member of the Budget committee, on which Senator SARBANES and I serve.

Mr. President, once again we face the fork in the road. We have faced it before and we took the wrong path—but this time we have a signpost. The lesson of recent history is very clear, and we have only to review it to see which way to go.

The choices are these: Do we rely on uncertain, 10-year budget forecasts to pass a colossal tax cut, or do we exercise a little caution in case the forecasts prove to be only a mirage, as they have so often proved to be before? If we pass such a tax cut and the surpluses do not materialize, what needs of our citizens may have to be left behind?

Let's take Social Security. Currently, 44.8 million older Americans receive Social Security. That is projected to grow to 82.7 million in the year 2030 when the baby boom generation has retired. The ratio of workers to beneficiaries was 42 to 1 in 1945, at the end of World War II. Today, that ratio is 3.4 to 1, and it is projected to fall to 2.1 to 1 in the year 2040. The Social Security trust fund is projected to be exhausted in the year 2037. If we go along with the Bush administration's tax cut, what about our pledge to protect Social Security?

Let's take Medicare—33.4 million Americans rely on Medicare for their health care costs. This is projected to grow to 77 million in 2030. The Medicare—hospital insurance—trust fund is projected to have benefits exceed receipts in 2015 and to run out of money in 2023. If we go along with the Bush administration's tax cuts, shall we just pretend that the Medicare problem will solve itself?

How about prescription drugs? Since Medicare was created in 1965, the practice of medicine has changed dramatically. Prescription drugs allow patients to avoid more expensive and invasive procedures, such as surgery. Since 1990, national spending on prescription drugs has tripled. The current Medicare program does not provide a prescription drug benefit. How can we pay for a prescription drug benefit if we have emptied the kitty with tax cuts?

Just go up to your local drugstore. Get yourself a comfortable place somewhere over in the corner if you can, and watch that line as it progresses along that counter. Listen to some of the people who come there. They get their drugs, and they pay $100, $150. I sometimes wonder, how can they do it? Drugs are so terribly expensive, and they are becoming more expensive. And yet these people rake and scrape and save to try to have a little money with which to buy drugs. We have heard many stories about how some of them have to make a choice between food on the table or drugs to keep down pain, and the problem is getting worse. We are at a crossroads. What are we going to do about it?

Discretionary spending—let's talk about it for a moment. I am an appropriator. The population of this Nation grew by 33 million, or 13.2 percent, from 1990 to 2000, and according to the U.S. Census is expected to grow by another 8.9 percent by 2010. Congress should make sure that we allow for the future growth of our population.

There are those who argue that discretionary spending is too high. Let me refer to this chart entitled ''Total Discretionary Outlays, Fiscal Years 1962 to 2000.'' The distinguished ranking member of our Budget Committee has referred to this subject matter as we have discussed the budget surplus from day to day.

In fiscal year 2000, discretionary spending as a share of our economy was just 6.3 percent. There it is. This share of spending has been shrinking for decades and is less than half of the share in 1962. When I came to this Senate, I say to Senator CONRAD—I came to this Senate 43 years ago—the line on the graph would have been up between 12.7 and 14 percent. That was for discretionary spending. I was on the Appropriations Committee. I went on it the first month I came here.

What is it today? At that time, the estimates—the latest estimates that were available were 1962. I came here in 1959. But in that year, 68 percent of all Federal spending was discretionary. On the pie chart, one can see how much of that chart was for discretionary spending: $72 billion; 68 percent was for discretionary spending. That was the amount of money that went through the hands of the Appropriations Committee.

Today, only 34 percent of the Federal budget is discretionary. Entitlement spending has grown. We heard a witness before the Budget Committee just the other day talk about entitlement spending. Let's look at this chart entitled ''Entitlement Spending as a Share of the Economy.'' We see that entitlement spending has grown from 5.7 percent of GDP, gross domestic product—the source is CBO—in 1966 to 10.5 percent today. So America continues to have real needs that are not being met in the areas of infrastructure, education, health care, national security, and the list goes on and on.

For example, the number of vehicle miles traveled on our Nation's highways has grown—from 1983 to 1999—from 1.65 trillion miles per year to over 2.69 trillion miles per year. Of the road miles in rural America, 56.5 percent are in fair to poor condition, according to the Federal Highway Administration; 56.9 percent are in fair to poor condition. One does not have to go very far to see that. Just travel along the streets in this Capital city and see the potholes, and what is happening to traffic congestion. I came to this city 49 years ago.

Conditions are even worse in urban America, where 64.6 percent of the road miles are considered to be in some state of disrepair.

The situation is no better when we turn our attention to the Nation's highway bridges. According to the most recent data from the Federal Highway Administration, 28.8 percent of our Nation's bridges are either functionally obsolete—they can no longer handle the kind of traffic for which they were built—or they are structurally deficient.

We all should remember the Silver Bridge disaster that took place a few days before Christmas at Point Pleasant, WV, a few years ago. That bridge collapsed, sending many people to their watery graves, on the Ohio River. Do we just cross our fingers and hope that these bridges do not collapse?

The EPA has estimated $200 billion in unmet needs for sewer, wastewater, and safe drinking water systems construction and maintenance, just to maintain the current systems and to allow for necessary expansion. Clean and safe drinking water should be a basic right of every man, woman, and child in America. We simply must address these needs, and it will take dollars—billions of dollars—to do it.

According to the Department of Housing and Urban Development, there are 5.4 million families, representing 12.3 million individuals, who are in need of affordable housing. Do we sacrifice these needs on the altar of tax-cut fever?

We are all familiar with the myriad problems confronting our military forces today: Recruitment and retention problems, crushing deployment burdens, aging ships and tanks and aircraft, a scarcity of spare parts, a scarcity of ammunition—just read it in today's Washington Post, a scarcity of ammunition—substandard housing, outdated facilities. All of these factors affect readiness.

Beyond the current budget, we are bracing for the likelihood of requests of major leaps in defense spending, perhaps as much as $50 billion a year just over the horizon.

When we allocate the surplus, it would be totally irresponsible—totally irresponsible—to fail to provide enough discretionary resources to allow us to invest in our future. Ask the mayors of the big cities throughout this country. Ask the mayors of the little cities, the towns throughout this country.

Debt reduction—let's talk about it for a moment. Our debt held by the public peaked in fiscal year 1997 at $3.8 trillion. In recent years, we have paid about $200 billion per year in interest—interest—on that debt. As we approach the retirement of the baby boom generation, we could do no greater favor for my granddaughter, for my great granddaughter, for your children, for all of our people, no greater favor than to eliminate that debt and to eliminate those interest payments.

I know we have received testimony in the committee that we can only eliminate it to a certain point as of a year that is not too far away. By the end of fiscal year 2001, we expect to have reduced the publicly held debt to $600 billion from the level in fiscal year 1997.

We should make sure that we can stay on that course. If we enact large tax cuts that siphon away—that suck away, that draw away—the on-budget surpluses, we could return to the days when we had to use the Social Security surplus to help finance Federal operations rather than using it for reducing debt.

In July of 1999, when the Republican leaders were pushing large tax cuts, I suggested that Congress take five steps:

One, watch our investments carefully and manage them prudently. Manage the economy and watch out for inflation.

Two, pay our debt. Pay down the national debt.

Three, cover the necessities. Do not shortchange our Nation's core programs, such as education, health care, and the like.

Four, put aside what we need to put aside for a rainy day. Reserve the Social Security and Medicare surpluses exclusively for future costs of those programs.

Five, take prosperity in measured doses. Ease up on taxes without pulling the rug out from under projected surpluses.

Mr. President, our present conundrum regarding budget surpluses reminds me of that old Aesop's fable about the ant and the grasshopper. It seems, as Aesop told it, that a commonwealth of ants, busily employed in preserving their corn, was approached by a grasshopper which had chanced to outlive the summer. The grasshopper was ready to starve from the cold and hunger and begged the ants for a grain of the corn, much like the 10 virgins in the Scripture; 5 who were wise and who had oil in their lamps, and 5 who were foolish who had no oil in their lamps.

In this case, one of the ant colony asked the grasshopper why he had not anticipated the winter and put aside food, as the ants had so wisely done. The grasshopper answered that he had so enjoyed the abundance of summer that he had never once thought of the possibility of winter.

So we are going to have a big tax cut. Ah, we will enjoy that. How enjoyable. How sweet. How sweet it would be.

If that be the case, the ant replied, then all I can say is, those who spend all day reveling in summer may have to starve in the winter. The moral is, of course, do not fail to provide for the future.

So a prudent course would demand, Mr. President, that we anticipate a cold and chilly downturn in our economic fortunes and forecasts and put back something for the winter. After all, it is only a very few years after the 10-year budget window that even these rosy estimates return to deficits as we cope with the retirement of the baby boom generation.

Given the pressing needs of our Nation in the coming decades and the uncertainty of the budget projections, I believe it is critical we establish a mechanism that would put a cautionary curve on tax cuts and new spending. In response to my question at a recent Senate Budget Committee hearing, Mr. Barry Anderson of the Congressional Budget Office responded that it would be prudent to establish such a mechanism.

So I intend to work diligently with my colleagues on the committee to craft some way to put a cautionary brake on these huge, foolhardy tax cuts that are being proposed, until we can be more sure that the surpluses will materialize. In my heart of hearts, I would prefer that any tax cuts this year be limited to no more than half a trillion dollars. That is my own viewpoint: $500 billion.

Americans believe in prudence. They would not blow the mortgage money at the race track. Neither should we. Massive tax cuts of the size that is being proposed, based merely on projections, merely on pieces of paper—here they are. These are the projections. These are the projected surpluses. There they are on paper. Can you spend it? What is it worth? It is money not even in our pockets yet. It borders on reckless disregard for the needs of our people and the promises we have made to them to proceed in this manner and spend it based on 10-year forecasts.

Even worse, we risk a return to serious budget deficits. As Mr. CONRAD has said so many times, let's not get back into the ditch which our children would have to address. So, as we approach this fork in the road, we owe it to our children and to our children's children to make the right choice. We should invest in our future. We should set aside funds for problems that we know are lurking just over the horizon. Let us not make a risky U-turn and return to the rocky road of deficits as far as the eye can see.

Mr. President, we will hear this refrain, that: "It's the people's money. Let's give it back. It's their money. It's their money." And it is. But it is also their debt. It is also their deficits. It is also their highway safety. It is also their water and sewage treatment needs. It is also their children's education. It is theirs. It is also their safety in the skies. It is all theirs. And we are the stewards. How do we best serve them?

Mr. SARBANES. Will the Senator yield?

Mr. BYRD. I will yield to Senator SARBANES.

Mr. SARBANES. As always, I think the very able Senator from West Virginia has given us an extremely important message. Moderation in all things is essentially what the Senator is talking about. He is saying: Be cautious. Be prudent. These steps that the Senator set out, if one goes over them carefully, are a balanced package which he is recommending. He says: Watch the investments. Manage the economy. Pay down the debt. Cover the necessities. Do those programs that are essential to our future strength: Education, health care. Put aside what we need for a rainy day, preserve Social Security and Medicare. And then ease up on the taxes.

The Senator is not saying: Don't do a tax cut, in light of these surpluses or projected surpluses. But let's be careful about it. And do not pull the rug out from under the projections in the future.

Now that is a package that makes sense. That is what all the commentators are telling us. The Baltimore Sun just today had an editorial. I ask unanimous consent it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Feb. 7, 2001]

CALMING DOWN FRENZY FOR A BIG FEDERAL TAX CUT

President Bush is a glib salesman for his massive tax-cut program. But a closer look at the numbers should prompt Congress to be careful.

For a conservative Republican, the president is using very rosy revenue forecasts. The numbers he's using understate the cost of ongoing programs. He's ignoring the extra cash needed for his other proposals and congressional initiatives, such as a prescription-drug plan. he hasn't factored in spending to fix the Social Security and Medicare programs.

Mr. Bush is promising more in tax cuts than this country can probably afford. He calls it a $1.6 trillion plan, but other analysts say the true cost is closer to $2.5 trillion. And that amount may not be affordable, even if large surpluses pour in for a decade.

Congressional leaders would be wise to listen to David M. Walker, who heads the General Accounting Office on Capitol Hill. He said this week that "no one should design tax or spending policy pegged to the precise numbers in any 10-year forecast."

Yet this is what President Bush is doing. It's a mistake Congress shouldn't duplicate.

Will there be a tax cut this year? Yes, indeed. The momentum is there. But the size of the president's proposal is unrealistic. And, sadly, some Republicans are talking about adding even more to it in this form of capital gains tax cuts and business tax reductions.

If there is to be a tax cut, Congress should see that it is more tilted toward those at the lower and middle ranges of the income scale than the president's proposal. Prudence is essential in handling future surpluses that might never occur. And there must be enough left on the table to deal with other pressing needs, such as modernizing the military and making repairs to old-age programs.

Mr. Bush has raised expectations, but Congress still must carefully examine every aspect of this major proposal. We all want smaller tax bills, but only if they are reasonable and responsible.

Mr. SARBANES. "Calming down frenzy for a big federal tax cut. Congress should take a close look at Bush's forecast figures and a decidedly cautious approach."

They quote the Comptroller General from his testimony before our committee where he said that: "No one should design tax or spending policy pegged to the precise numbers in any 10-year forecast"—exactly the point that the able Senator made at the outset of his statement.

And they conclude: "Mr. Bush has raised expectations, but Congress still must carefully examine every aspect of this major proposal. We all want smaller tax bills, but only if they are reasonable and responsible." Reasonable and responsible—and, as the Senator has pointed out, in the context of dealing with these basic needs: Education, infrastructure, defense.

This administration has already sent the signal that they are going to want a major step up in defense and of course, reserving a significant amount of the surplus to pay down the debt. When are we going to pay off the debt, if we don't do it when we are running large surpluses and are at a 4.2 percent unemployment rate? We have a strong economy now. We don't want to risk the chance of knocking it off the track.

The Washington Post had an editorial entitled "Fiscal Souffle." They conclude it by saying:

A rush to commit too much of the projected surplus could take the country back to borrow and spend, just as the last big tax cut did 20 years ago.

Mr. BYRD. Right.

Mr. SARBANES. I ask unanimous consent that that editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 1, 2001]

FISCAL SOUFFLE

The Congressional Budget Office has raised by another $1 trillion its estimate of the likely budget surplus over the next 10 years, and Republicans, led by President Bush, say the new figures prove there's plenty of room to enact the president' tax cut and still fulfill the government's other obligations. Democrats, including notably the conservative Blue Dogs in the House, say that's not so, that the true surplus is unlikely to be that large and that Congress, while it can safely grant a tax cut, should exercise caution in doing so.

The people flashing the caution signs are right. CBO itself warns that "considerable uncertainty surrounds" the projections, and that once the baby boomers retire, the outlook shifts from sunny to bleak. About 70 percent of the 10-year surplus is projected to occur in the last five years of the period, for which the estimates are least dependable; only 30 percent is projected to occur in the nearer term. The supposed $3 trillion, 10-year surplus consists in part of Medicare funds that both parties in Congress have said should not be counted because Medicare is headed for a deficit. The surplus makes no allowance for the funds that, even with benefit cuts, will be required to avert that deficit, nor the Social Security deficit that likewise lies ahead, nor the increase in defense spending that both parties say is necessary.

Make these and similar, smaller allowances, all of them realistic, and the amount available for tax cuts quickly falls. A realistic estimate, assuming everything goes right, is probably well under $2 trillion, and in the past, members of both parties have said they want to use some of that for debt reduction. The true 10-year cost of the Bush tax cut, meanwhile, is well in excess of the $1.3 trillion estimate used in the campaign. In part that's because important provisions would not take effect until toward the end of the 10-year estimating period. The 10-year cost of the Bush proposals fully fledged would be more than $2 trillion.

"It doesn't leave room for much of anything else," Rep. John Spratt, the ranking Democrat on the House Budget Committee, said the other day. And it may grow; such Republicans as House Majority Leader Dick Armey have begun to say that the Bush proposal may be too small. The Blue Dogs issued a statement yesterday warning that "budget projections can deteriorate just as rapidly as they have improved in the last few years," and that a "rush to commit" too much of the projected surplus could take the country back to borrow-and-spend, just as the last big tax cut did 20 years ago. That risk is real.

Mr. SARBANES. I thank the Senator. He has set out for us what, really, is a historic decision we will be confronting. We must recognize it as such.

Mr. BYRD. Yes.

Mr. SARBANES. It will affect generations to come. We must make a wise and prudent decision. I thank the Senator from West Virginia for his extraordinary leadership in this effort.

Mr. BYRD. I thank the distinguished Senator from Maryland.

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

Mr. BYRD. Yes.

Mr. CONRAD. The Senator may recall when we had the Congressional Budget Office personnel before us, they were the ones who made this forecast of the surplus, and yet they themselves warned us of the uncertainty of their projections.

Mr. BYRD. They did.

Mr. CONRAD. The Senator may recall that Mr. Anderson put up a chart and the chart showed that in the fifth year of this 10-year forecast, based on the previous variances in their projections, we could have a budget that was anywhere from a $50 billion deficit to more than a $1 trillion surplus.

Mr. BYRD. Yes; here is the chart.

Mr. CONRAD. I see the Senator has that chart that shows in the year 2006, which is 5 years into this 10-year forecast, we could have anywhere from a $50 billion deficit to over a $1 trillion surplus. That is the uncertainty of their forecast, according to them.

Mr. BYRD. Yes, that is just 5 years out.

Mr. CONRAD. That is just 5 years out in a 10-year forecast. They are warning, I take it—I would be interested in the Senator's reaction——

Mr. BYRD. That is my reaction.

Mr. CONRAD. That we should not bet the farm on a specific number with a 10-year forecast because of the failure of previous forecasts to be accurate over such an extended period.

Mr. BYRD. Exactly.

Mr. CONRAD. Isn't that the upshot of their testimony?

Mr. BYRD. That is the point we should take home with us.

Mr. SARBANES. In addition to the Post editorial from which I quoted, I have a column that appeared in the Post written by Newsweek's Wall Street Editor entitled "Iffy Long-Term Numbers Are Poor Excuse for Huge Tax Cuts and Wild Spending." The discipline has to be on both sides, on the tax cut and on the spending side.

No one is saying we should not do some tax cuts. Obviously, we need to make some investments on the expenditure side if we are going to meet the needs of our country. But they have to be responsible, they have to be reasonable. And, as this says, iffy long-term numbers are a poor excuse for huge tax cuts and wild spending. We need to keep that admonition in mind as we proceed to engage in this debate.

I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 6, 2001]

IFFY LONG-TERM NUMBERS ARE POOR EXCUSE FOR HUGE TAX CUTS AND WILD SPENDING

(By Allan Sloan)

There are weeks when you have to wonder whether the American economic attention span is longer than a sand flea's. Consider last week's two big economic stories: The Congressional Budget Office increased the projected 10-year budget surplus by $1 trillion, and the Federal Reserve Board cut short-term interest rates another half-percentage point to try to keep the economy from tanking.

To me, the real story isn't either of these events; it's their connection. The Fed is cutting rates like a doctor trying to revive a cardiac patient because as recently as last fall, Fed Chairman Alan Greenspan didn't forsee what today's economy would be like. Meanwhile, although it's now clear that even the smart, savvy, data-inhaling Greenspan couldn't see four months ahead, people are treating the 10-year numbers from the Congressional Budget Office as holy writ.

Hello? If Greenspan missed a four-month forecast, how can you treat 10-year numbers as anything other than educated guesswork? Especially when the CBO has for years devoted a chapter in its reports to ''The Uncertainly of Budget Projections''?

Both the Fed's rate cuts and the CBO's projection are being cited to justify a huge tax cut. Basing economic policy on long-term projections is nuts, and I'd be saying the same thing about Al Gore's campaign spending proposals if he had become president. I sure wouldn't base my personal financial decisions on ultra-iffy long-term numbers. I hope you wouldn't run your life or business that way.

A stroll through the numbers would be helpful here, as would a little history. Remember that through the mid-1990s, experts were forecasting huge federal deficits as far as the eye could see. Now they are projecting huge surpluses. When you're dealing with a $10 trillion economy and looking 10 years out, relatively small changes make a huge difference—if they come to pass.

The fact that the projected 10-year surplus grew to $5.6 trillion from $4.6 trillion a mere six months ago is an obvious sign that these aren't the most reliable numbers in the world.

Here's the math: The surplus grew about $1 trillion because the CBO increased the projected average 10-year national growth rate to about 3 percent (adjusted for inflation) from the previous 2.8 percent or so. Another $600 billion comes from dropping fiscal 2001 (the current year) from the 10-year numbers and adding fiscal 2011. The 2011 number, being the furthest out, is the shakiest one in the projection.

Those two changes add up to $1.6 trillion of higher surpluses. But the total increased by only $1 trillion. That's because last year's late-session congressional spending spree knocked $600 billion off the 10-year number. So, even though these numbers are huge, you see how vulnerable they are to moving dramatically as taxes, spending and economic projections change.

Now, let's subtract the $2.5 trillion Social Security surplus, which is supposedly going to be ''saved,'' and you have $3.1 trillion to play with. (I treat the Social Security number as reliable because it's based on demographics rather than on economic guesstimates.) Subtract another $500 billion for the Medicare surplus, because we're supposedly saving that money, too. That leaves $2.6 trillion—provided the projections are accurate, which they won't be.

The CBO hasn't put a cost on President Bush's proposed tax cut package. The package supposedly costs $1.6 trillion, but I'll bet that's way understated, which is typical of such things. And it doesn't include the impact of the feeding frenzy that will undoubtedly result with a big tax cut on the table. Remember what happened when the Reagan tax cuts were enacted in the early 1980s? In addition, Bush's campaign proposals are ''back-loaded''—they cost far more in the later years than in the earlier years.

The reason we used to have projected budget deficits as far as the eye could see and now have seemingly endless surpluses lies in the nature of projections—even those as sophisticated and intellectually honest as the CBO's. The CBO takes what's going on now, projects it forward and adjusts for things such as higher or lower interest rates or debt levels, or for programs such as Social Security. It assumes that discretionary spending rises at a fixed rate, which never happens, and that no major new changes in taxes will be enacted. If things are going well in budgetland, as they are now, projections will get better the further out you go. If things are going badly, the projections will get worse.

Now we come to Social Security, which contributes hugely to today's happy surplus situation but is projected to start causing trouble, big time, around 2015. That's not all that long after 2011, when the CBO's 10-year projection ends. In 2015, Social Security is predicted to start taking in less cash than it pays out, so it will have to start cashing in the Treasury securities in its trust fund. In remarkably short order, Social Security will start running 12-figure cash deficits unless something is done.

Until last year, the Social Security problem was projected to start in 2013, but it's been put off because the economy has been doing better than expected. That, combined with now-slipping fiscal discipline, is why the federal budget numbers turned around a few years ago. But if we go on a big tax-cut-and-spend spree, which seems increasingly likely, and the economy performs worse than now projected, we'll be back in the fiscal soup quicker than you can say ''fiscal responsibility.''

For now, I'm going to pass on what many people have taken as Greenspan's support for tax cuts. Even if you believe him to be semi-divine, you can parse his public utterances as being cautious about tax cuts. (There is occasionally an advantage to having been an English major in college.)

Finally, despite 10 years of projected huge surpluses, the CBO predicts that the total national debt ($6.7 trillion) would be higher on Sept. 30, 2011, than it is now ($5.6 trillion.) That's because, even though publicly held debt shrinks to $800 billion from $3.4 trillion, the debt held in government accounts, primarily Social Security, rises to $5.9 trillion from today's $2.2 trillion.

So if we go on a tax-cutting and spending spree, don't be surprised to find us back in the soup a few years down the road. Don't say that you had no way to know. The Fed and the CBO were telling you the risks last week. You just weren't listening.

Mr. BYRD. I thank the distinguished Senator from Maryland, a very, very fine Senator, knowledgeable. He has had many years of experience. I thank him for his contribution today and for the articles which he has brought to our attention and which will be included in the CONGRESSIONAL RECORD as he has requested. I value my association with the Senator, and I thank him very much.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. NELSON of Nebraska). Morning business is now closed.

UNITED NATIONS PEACEKEEPING ASSESSMENT ADJUSTMENT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to consideration of S. 248 which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 248) to amend the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, to adjust a condition on the payment of arrearages to the United Nations that sets the maximum share of any United Nations peacekeeping operation's budget that may be assessed of any country.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that it be in order for me to deliver my remarks seated at my desk.

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

Mr. HELMS. Mr. President, the pending legislation makes a small revision in the United Nations reform legislation approved by Congress in 1999 known as the ''Helms-Biden'' law.

This legislation justifiably used the leverage of the United States to press for reforms, by linking payment of the United States' so-called ''U.N. arrears'' to specific U.N. reforms. And it was the product of bipartisan cooperation in the Congress, cooperation between the Executive Branch and the Congress, and cooperation between the United States and the United Nations. And it worked, thereby producing millions of dollars in savings to the American people.

The Helms-Biden law gave the U.S. Ambassador to the United Nations, Richard Holbrooke, the tools he needed to negotiate much-needed reforms, ranging from restoring the membership of the United States to the U.N.'s administrative and finance committee, known in the rarified language of the U.N. as the ''A-C-A-B-Q'', to the adoption of results-based budgeting.

But the most important reforms restore an equitable burden-sharing for the enormous cost of operating the United Nations.

This was achieved by reducing the U.S. share of the U.N.'s general budget and its peacekeeping budget. In painstaking negotiations, the U.S. faced opposition not merely from increasingly affluent non-Western nations, which were clinging to their cut-rate U.N. assessment rates, but from our rich NATO allies as well.

Ambassador Holbrooke succeeded in persuading the United Nations member countries to reduce the U.S. share of the general U.N. budget to 22 percent, which was specified by Helms-Biden. This was the first reduction, in more than 28 years, in the American taxpayers' bloated share of the U.N.'s budget.

Similarly, Ambassador Holbrooke persuaded U.N. member states to agree