

THE PRESIDENT'S TAX CUT  
PROPOSAL AND THE BUDGET

Mr. NELSON of Florida. Madam President—that has a nice ring to it—it is a privilege for me to take the floor and speak on an unrelated subject but a subject that is of considerable importance to the country and to the decisions we will be making very shortly. That is the adoption of a budget and the decision in that budget of how large the tax cut should be.

Just in the last 24 hours, we have seen a consequence of the tax cut that now is proposed by the administration that is soaring upwards of \$2.5 trillion over the next 10 years, a tax cut that the fiscal effect of \$2.5 trillion would be so large as not only to wipe out all of the available surplus over the next 10 years, but to cause us to suddenly plunge back into deficit spending.

We see a consequence of this in the last 24 hours in the fact that the administration is now not proposing to increase the defense budget. Personally, I think we should be looking at a minimum of increasing the defense budget over the next decade to the tune of \$100 billion.

The administration, now recognizing that its tax cut is going to absorb all of the available surplus, has just, in the last 24 hours, laid out the fact that it will not ask for an increase in the defense budget. When that occurs, I am quite concerned about our existing troops and what their pay is, the fact that there would be no increase for maintenance and operating costs, such as spare parts and rising fuel costs, a part of the defense budget that is absolutely essential to keeping our existing systems and equipment ready in case they have to be deployed, and the sufficient allocation of fuel so that our troops can have the proper training that is essential to their readiness.

I can tell you there are a lot of pilots out there right now whose morale is pretty low because they don't feel as if they are getting enough flying hours, so that if the call comes and they have to go abroad to defend this country—particularly the pilots who are flying these precise pinpoint missions, not even to speak of the ones who have to engage in aerial combat—they will have had that training. This is going to be the consequence of keeping down the defense budget that this administration is reflecting because of its fiscal proposal of a tax cut so large that it is going to absorb all of the projected surplus—and, by the way, that may never materialize—over the next decade.

If you cut the defense budget too severely, you are suddenly going to have systems that have not been upgraded and we will have unsafe planes and ships. That is simply a consequence that I don't think is in the interest of this country. After all, one of the main reasons for a national Federal Govern-

ment is to provide for the common defense. So we are starting to see the ripple effects of this proposed fiscal policy. Why can't this fiscal policy instead be one that is balanced with a substantial tax cut?

The question is not a tax cut or not; the question is how large should the tax cut be? That is where I argue for balance, so that we have a substantial tax cut balanced with the increased spending needs. And I have just given one example of defense.

To give you another example, strengthening the Social Security fund; another example is modernizing Medicare with a prescription drug benefit; to give another example, increased investment in education. I have just listed only four additional areas. In this time of prosperity and budget surpluses, if we are fiscally disciplined, and if we are fiscally conservative, then we can meet all of the needs in a budget that will be balanced and that will protect the investment and spending needs as well as returning part of the surplus in the form of a tax cut.

We have seen the charts offered by the Congressional Budget Office as to the projected surplus. I likened it, from my old position as the State fire marshal in Florida, to a fireman's hose. When that fireman takes that hose into a fire and he starts turning the nozzle, it first goes into fog, a light spray, and then increasingly, as you turn the nozzle, it goes into a straight stream of water.

The charts we saw by the CBO projecting what the surplus would be over the next 10 years look like the spray coming off of a fireman's hose. For the chart with a line up to the present showing what the surplus is today, as you project it over 10 years, the range is from a huge surplus 10 years out to no surplus at all 10 years out indeed, into deficit. That is the inaccuracy of forecasting that CBO has admitted is truth.

They also stated to us in the Budget Committee that the projected surplus—60 percent of it—will not materialize until the last 5 years of the 10-year period—all the more increasing the uncertainty of what is going to be available.

So my plea to our colleagues, Madam President, is to let us be conservative in our planning, let us be fiscally disciplined and not fall back into the trap that I personally experienced when I voted for the Reagan tax cuts in 1981 and suddenly realized that I had made a mistake—and the country at large understood that it was a mistake—because the cut was so big, we had to undo it in the decade of the 1980s not once but three times. It had run us into such deficits in the range of about \$20 billion at the end of the decade of the 1970s to deficits that were in excess of \$300 billion per year by the end of the decade of the 1980s. In other words, the

Government of the United States was spending \$300 billion more each year than it had coming in in revenue, and that was getting tacked on to the national debt, which is what took us from a debt in the 1970s in the range of \$700 billion to a national debt that is in excess of \$3.5 trillion today.

My argument to our distinguished colleagues in this august body is to use balance, let's use fiscal discipline, and let's use fiscal conservatism as we plan and adopt the next budget for the United States of America.

Madam President, I am pleased to yield to the distinguished Senator from Georgia, one of the most able and capable of this body, a former Administrator of the Veterans' Administration in the Carter administration, a former distinguished Secretary of State of the State of Georgia, a distinguished junior Senator, now senior Senator, and even more so, I am proud that he is my good, personal friend. I yield to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. CLELAND. Madam President, it is an honor to share the floor with my distinguished friend from Florida. He and I have known each other for a long, long time. I was out in the corridors and heard a familiar voice and realized that my friend was making his first speech on the floor of the Senate, which was a great pleasure for me to hear. He has eloquence, he has intelligence and everything it takes to make a powerful impact on this body. It is an honor to be with him on the floor.

Mr. NELSON of Florida. I thank the Senator.

HIGH SPEED RAIL IMPROVEMENT  
ACT

Mrs. HUTCHISON. Mr. President, I wish to express my gratitude to the leadership of both parties for making good on their commitment to make high speed rail a priority early in the 107th Congress. The support of both Senator LOTT and Senator DASCHLE and a majority of our colleagues will send a message that Congress is serious about establishing rail as a viable alternative to our crowded roads and skies.

This innovative finance bill will provide a dedicated source of capital funding for high-speed rail that will not subtract from the highway or aviation trust funds, or general appropriations. This is not a handout. We will use a modest Federal investment to leverage \$12 billion in rail improvements. Amtrak's congressionally mandated requirement to become operationally self sufficient is not affected by this legislation.

Air traffic congestion is at an all time high and will only worsen over the next ten years. U.S. airports will