The Senate met at 10 a.m. and was called to order by the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska.

PRAYER

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

Gracious Father, almighty Sovereign of our beloved Nation, and loving Lord of our lives, our hearts overflow with gratitude. Thank You for the privilege of living in this land You have blessed so bountifully. You have called this Nation to be a demonstration of the freedom and opportunity, righteousness and justice You desire for all nations. Help us to be faithful to our destiny. May our response be spelled out in dedicated service.

Dear God, empower the women and men of this Senate as they seek Your vision and wisdom for the problems we face as a nation. Proverbs reminds us that “When the righteous are in power, the people rejoice.” We rejoice in the Senators in both parties who seek to be right with You so they will know what is right for our Nation. You have told us, “Righteousness exalts a nation.”—Proverbs 14:34.

Lord, we live in times that challenge faith in You. As a nation, secularity often replaces spirituality and humanistic materialism substitutes for humble-mindedness. Bless the Senators as they give dynamic leadership. Grant them wisdom, grant them courage, for the facing of this hour. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable E. BENJAMIN NELSON led the Pledge of Allegiance, as follows: I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. NELSON of Nebraska thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

SUPPLEMENTAL APPROPRIATIONS ACT, 2001

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 1077, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1077) making supplemental appropriations for the fiscal year ending September 30, 2001, and for other purposes:

Pending:

Reid (for Schumacher) amendment No. 862, to rescind $960,000 for the printing and postage costs of the notices to be sent by the Internal Revenue Service before and after the tax rebate, such amount to remain available for debt reduction.

Reid (for Feingold) amendment No. 863, to increase the amount provided to combat HIV/AIDS, malaria, and tuberculosis, and to offset that increase by rescinding amounts appropriated to the Navy for the V-22 Osprey aircraft program.

Craig (for Roberts) amendment No. 864, to prohibit the use of funds for reorganizing certain B-1 bomber forces.

Voinovich amendment No. 865, to protect the social security surpluses by preventing on-budget deficits.

Byrd (for Conrad) amendment No. 866 (to amendment No. 865), to establish an off-budget lockbox to strengthen Social Security and Medicare.

Conrad amendment No. 867, to provide funds for emergency housing on the Turtle Mountain Indian Reservation.

Stevens (for McCain) amendment No. 868, to increase amounts appropriated to the Department of Defense.

Stevens (for Hatch) amendment No. 869, to provide additional funds for military personnel, working-capital funds, mission-critical maintenance, force protection, and other purposes by increasing amounts appropriated to the Department of Defense, and to offset the increases by reducing and rescinding certain appropriations.

Stevens (for Craig) amendment No. 870, to provide additional amounts to repair damage caused by ice storms in the States of Arkansas and Oklahoma.

Stevens (for Craig) amendment No. 871, regarding the proportionality of the level of non-military exports purchased by Israel to the amount of United States cash transfer assistance for Israel.

Bond amendment No. 872, to increase amounts appropriated for the Department of Defense.

Reid (for Hollings) amendment No. 873, ensuring funding for defense and education and the supplemental appropriation by repealing tax cuts for 2001.

Reid (for Wellstone) amendment No. 874, to increase funding for the Low-Income Home Energy Assistance Program, with an offset.

Reid (for Johnson) amendment No. 875, to amend the Higher Education Act of 1965 to make certain interest rate changes permanent.

AMENDMENTS NOS. 866 AND 865

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 2 hours of concurrent debate, equally divided, in relation to the lockbox amendments, Nos. 866 and 865. The Senator from Nevada.

Mr. REID. Mr. President, I ask the time I consume not be charged against either Senator CONRAD or Senator VOINOVICH.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE

Mr. REID. First of all, as has been announced, we have now resumed consideration of the supplemental appropriations bill. The majority leader indicated that both Senator STEVENS and Senator BYRD have every intention of finishing this bill today so we can go on to the Interior appropriations bill tomorrow. The majority leader has authorized me to state it is his wish we could complete that legislation sometime on Thursday—Interior appropriations. If we did that, the majority leader said there would be no votes on Friday. So it would be really good if we could do that. It will take a lot of cooperation from everyone.

The majority leader has also asked me to express his appreciation to everyone for the cooperation on the Patients’ Bill of Rights. It was a very contentious issue. Both sides worked, offered very difficult amendments for everyone to consider. It was done. It was done in an expedient way, and we arrived at a conclusion at an earlier time than people expected.

There are 14 amendments today. We have every expectation that some of them will be accepted by the managers of the legislation. Others, perhaps, can be worked out. The two managers of the bill have asked that we work to try to get time agreements on each of the amendments, and we will do that. We hope we can arrive at a situation today where there can be votes at 2:15, as has been announced earlier. We expect, with the cooperation of Senator VOINOVICH and Senator CONRAD, that can be done, and we will work toward the end.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. BYRD. Mr. President, I suggest the absence of a quorum. I ask the time be equally charged against both sides.
The serious task of paying down the debt. Further, this past April, Senators Feinstein, Gramm, and I offered an amendment to the fiscal year 2000 budget resolution designed to tighten the enforcement of existing spending controls. Our amendment created an explicit point of order against directed spending and debt reduction. This commitment to fiscal responsibility, the huge spending increases we have seen in the past 2 years have been troubling for me and for a lot of other Members of this body. I am worried that they will lead us back to our deficit spending and debt accumulation.

I was encouraged, however, with the budget that the President sent to us this year. The President’s budget relies equally on three primary principles. I refer to them as the three-legged stool. They are tax cuts, restrained spending, and debt reduction; all three of them fit together. This isn’t just what the President’s budget that the Federal Reserve Chairman Alan Greenspan called for in his groundbreaking testimony before the Senate Budget Committee earlier this year. Chairman Greenspan said that he hoped the recent increases in Federal spending was only an aberration. He went on to say that we needed a tax reduction because surpluses were accumulating so fast that they were overwhelming our ability to repay the national debt without having to pay a premium. This is precisely what the President’s tax cut did.

The President’s proposal to cut taxes was responsible precisely because it was coupled with two other legs of this budgetary stool. Without limits on spending and maximum efforts to pay down the debt, I could not have supported in good conscience the proposed tax cuts.

Ultimately, Congress passed the budget that achieves all three objectives of the three-legged stool. It cuts taxes, restrain spending to a responsible level, and pays down the available publicly held debt over a 10-year period. Little did we know how the tax cut would be needed to jumpstart the economy and restore consumer confidence. I don’t think we knew that until recently when we saw what has happened to our economy. Hopefully, with the tax reduction, lower interest rates, and action by Congress to curb energy costs, we will see an improvement in the economy and a restoration of the public’s confidence in the economy.

We have taken the first step to implement the budget agreement by enacting the President’s proposed tax cuts with a large bipartisan majority. Tax cuts are now law and are a done deal. I know some Members of this body believe that those tax cuts were too much. But the fact is that a majority of us felt they were reasonable and less than what the President asked for.

But our work is not yet finished. We still need to enact legislation to lock in the other two legs of the budgetary stool. Social Security was the key to protecting our accomplishments thus far and enforcing our budget agreement.

I want to call your attention to this chart, which basically shows that all during the 1990s we had the deficit, but that deficit would have been much larger than was reported because we used the Social Security surplus to pay for things that Congress was unwilling to pay for or to do without. So as you can see, the way up until the year 2000 there was no surplus whatsoever. It was only until 2000 that we saw a real on-budget surplus, and it wasn’t until 1998 that we weren’t using the Social Security surplus. The point is that we do not want to return to what we were doing in the past, and that is using the Social Security surplus.

I think that my colleagues can see on this chart, and so can the American taxpayers, that the Social Security surplus, if you can see this, is significant all the way during this next decade. What my amendment would basically do is to make sure that all of this money is used to pay down the debt and to restrain spending by the Members of this Senate. I have every reason to believe if we don’t pass this amendment, there is a good chance this money will be used to pay for spending.

Mr. President, as you can see, Congress has not been able to resist spending Social Security, and was an earlier supporter of the Abraham-Domenici Social Security lockbox that was first offered in 1999.

I voted in favor of the lockbox on several occasions. Laying out a thoughtful and well-reasoned budget plan is not enough to guarantee we do not stray back to spending the Social Security surplus. Good intentions are not enough.

Our lockbox strengthens the existing point of order against spending the Social Security surplus. Our lockbox makes it out of order to use the Social Security surplus in any one of the next 10 years, contrasted with the current budget resolution.

This is an important improvement. The existing point of order is written so it is possible to use the Social Security surplus in the future and is not possible to call a point of order. My amendment would prevent that.

The most important, my amendment contains an automatic enforcement mechanism. If OMB reports that the Federal Government will spend the Social Security surplus, an automatic across-
the board sequester will be put in place by OMB, and the size of the sequester will offset that use of the surplus.

This is the ultimate enforcement mechanism. If the Social Security surplus looks as if it will get spent, OMB stops it from happening. This mechanism is our safety valve which will ensure we stay on course to limit spending and pay down our debt.

Spending cuts under my amendment would cut into both discretionary and mandatory spending. Mandatory spending for the most needy in society would not be affected by these cuts. My amendment would exclude Social Security, food stamps, and other programs that are excluded from sequesters under the Deficit Control Act of 1985, and to prevent an inadvertent sequester, my amendment builds in a margin of error. By the time we get to half of 1 percent of outlays. Because it is so hard to calculate the aggregate level of spending from year to year, I think this is a reasonable measure and OMB supports it. It would prevent inadvertent sequestrations.

My amendment is straightforward and relies on existing law. I primarily build on existing budget process and mechanisms. We all know Social Security is off budget, and my amendment reinforces that position.

My amendment does not modify any budgetary conventions or pretend Social Security is something that it is not. Everyone knows the Budget Act points of order have their limitations. Someone has to call them, and too often no one does call them.

Take the use of Budget Act points of order against appropriations bills. The appropriations bills that pass early in the session can contain outrageous spending increases, and they are immune from the Social Security point of order because they do not threaten the Social Security surplus. It is only when we take up the last appropriations bills that it is obvious that the cumulative effect of our actions might cause a problem.

Until we take up the last appropriations bill, it is pure conjecture as to whether we might spend the Social Security surplus. The use of omnibus appropriations bills makes this all the more problematic. By the time we reach that last appropriations bill around here, it is too late. Large spending increases could have already been done, and we all know how bad Congress wants to get out of town when that last bill rolls around. For this reason, no one is willing to call a point of order that threatens to derail the train or a carefully worked out compromise needed to pass the last appropriations bills.

This is the shortcoming of points of order, and that is why we need an automatic enforcement mechanism to protect the Social Security surplus. The existence of an automatic Social Security sequestration will force Congress to act. I am no fool, however. I know that if Congress wants to spend money, it will. With 60 votes, we can do just about anything here, and just as we raise the discretionary spending caps and the debt ceiling, we can vote to undo this mechanism, but it will force Congress to act and put Congress on record as violating the Social Security surplus. People of America should know that is what we are doing. It should not be hidden.

My colleague across the aisle, on the other hand, relies exclusively on points of order to enforce his lockdown which we will be hearing more about and, in my opinion, this is a serious weakness.

We in Congress spend and spend. For fiscal year 2002, with strong encouragement of the Clinton administration, my colleagues in Congress increased nondefense discretionary spending by a staggering 14.3 percent. I want everybody to hear that—14.3 percent. Think of it, 14 percent growth in non-defense discretionary spending, and we increased overall spending by 8 percent. We grew the size of the Federal Government by 8 percent. We spend, and we spend.

As we begin to consider spending for fiscal year 2002, the President presented a modest, responsible budget that called for a 4-percent growth rate. Congress tackoned on more spending and passed a bipartisan budget that called for a 4.7-percent increase in Federal spending. We spend.

We then took up an education bill intended to reform schools in an effort to ensure we were properly preparing our children for the 21st century, a goal I wholeheartedly support. Unfortunately, reform in Congress means more spending. We passed an education bill that authorized an incredible 62-percent increase in Federal spending on education—austin and we spend.

If I can refer to this chart, my colleagues can see just what has happened to spending in Congress in the last couple of years. The budget caps that were put in place in 1997 in the budget agreement were supposed to cap spending in 1998 at 52.7, in 1999 at 53.3, in 2000 at 53.7, and in 2001 at 54.2. The red line is what we actually spent. Look at this increase. Starting in 1997, we increased spending.

From looking at that, one can see that wailing off the Social Security trust fund from spending is something that has to be done. We have proven time and again that we are very good at one thing: spending other people’s money. I remind the President and others that prior to 1999 we were spending that Social Security surplus regularly. This amendment ensures we will not spend that money. It ensures it will go where it belongs: paying down the national debt and providing a firewall against irresponsible spending. We must make sure history does not repeat itself.

If, however, the economic prosperity this Nation has enjoyed recently continues to fade—and I hope it is just a temporary downturn—and job projections are likely to be revised downward and that Social Security surplus will, again, be in the crosshairs. It will be in the crosshairs because Congress’s yearning for spending has not abated, for example, as I mentioned, the 62-percent increase in education. The President now is asking for more money in defense spending.

Given the spending trajectory and the possibility of continued economic softness and that the surplus will not be as large as projected, we could be bumping against the Social Security trust fund. We cannot let that happen. There is a real risk of it happening. We need to rein in the spending and put in place a second-degree amendment against irresponsible spending. We need to lockbox it. Once lockedbox, the Social Security surplus will go to our debt reduction as our budget and the President’s original plan intends and Federal Reserve Chairman Alan Greenspan has recommended.

It is Congress’s irresponsible record of spending that has accumulated the $5.6 trillion in debt that now hangs over our children and our children’s children. Paying off the debt will free the 11 percent of the Federal budget which currently goes to debt service so we can focus on other needs such as Social Security reform.

There is what at first appears to be an alternative to my amendment, and that is the amendment offered by my colleague from North Dakota, the chairman of the Budget Committee. Unfortunately, I do not think it measures up to my amendment. I would like to take a moment to address the second-degree amendment of my colleague from North Dakota.

Its enforcement measure, in my opinion, is not as tough as mine. Therefore, my colleague’s measure can easily be dodged by a Congress under pressure to spend more for which simply lacks the same commitment to debt reduction and spending restraint we have shown in our budget resolution.

The Senator’s amendment purports to lockbox the Medicare surplus, but this is not a Medicare surplus. It is money that does not exist. The Part B deficit exceeds the so-called Part A surplus. For fiscal year 2002, the net position of the Medicare Program, when we combine Part A and Part B, we have a negative $2 billion that is coming from the general fund. Medicare is an on-budget account, unlike Social Security, which is currently in a huge deficit and which relies upon direct infusions from the general fund.

I note that some tried harsh words to differentiate between Parts A and B, but the fact is we are still talking about the same program. Considering
them separately and pretending they are off budget are simply not intellectually honest deceptions and are a faulty non sequitur which to base legislation. If you want the appearance of action, coupled with the security of inaction, don’t vote for my amendment, vote for the amendment of the Senator from North Dakota.

I want to be frank with the President and my colleagues in the Senate. Many gave thought to the idea of “lockboxing” Part A of Medicare. I think our colleagues know there is a Part A and Part B. Part A is funded by deductions from people’s Social Security check and by everyone paying into the Medicare trust fund. We take in more money than is spent out for Part A.

However, Part B, which is the non-hospital portion of Medicare, does not take in enough money. The Medicare Part A surplus projected for the year 2002 is $36 billion; Medicare Part B deficit is $88 billion. In effect, we are taking $52 billion out of the general fund of the United States to subsidize Medicare. I am sure a lot of people getting Medicare today think the money coming out of their Social Security, the money sons and daughters are paying into the Medicare fund, is taking care of it. That is not the case. That is not the case.

When you combine Part A and Part B, the taxpayers of the United States subsidize Medicare. There is not enough money in the Medicare fund from the money coming in every year and the money being taken out of people’s Social Security and the money they pay in for Part B. We are subsidizing it. To talk of a Medicare surplus when you see these numbers, is not true. The surplus projected for the next 10 years shows the Medicare surplus for Part A is $393 billion. Whooppee. Part B, the deficit is $1.36 trillion. The overall subsidy coming from the general fund of the United States is $643 billion. For us to talk about lock boxing this to me, really does not make sense. I know some talked about doing this last year, but the only reason it was brought up was the concept it would help restrain spending. When you see the total budget picture, the Medicare surplus is part of the on-budget surplus. It is in deficit. We ought not talk about locking off something that is not there.

I urge my colleagues to reject the Conrad second-degree amendment because I don’t think it will be enacted. In my opinion, it is a poison pill. It pretends there is a sacrosanct Medicare surplus which does not exist and which was never walled off. I predict today if the second-degree amendment is passed by the Senate, the entire provision will be removed from the conference report of this bill. That money is going to be needed to pay for spending in the budget we now have, particularly if we increase education 62 percent, as some colleagues would like to do, and we entrench the President’s request for more money.

On the other hand, if you want to make sure the money is there to follow through on what we promised the American people, if we want to pay down the debt as we promised—we want to pay down the debt and we want to restrain spending—if we want to do that without gimmicks, the pure Social Security lockbox that will do that, I request my colleagues support this amendment.

I am not proposing this today for political reasons. It is popular, I want to lockbox Social Security. I want to lockbox Medicare. The fact is, this is very serious business. I testified before Congress in 1985 as president of the National Association of Regional Medical Oncology. We need to be fiscally responsible. The way to do that is lockbox Social Security so it can be used for deficit reduction; lockbox it so it can not be used for spending. I think we can leave here with our head high and it will be something we may very well need by the end of this year if things do not work out as well as we hoped.

The President’s MESSAGE. The Senator from North Dakota.

Mr. CONRAD. Mr. President, the Senator from Ohio and I see the same problem, but we have a different approach to solving the problem.

The Senator from Ohio says the Social Security is endangered. I agree. I say not only is the Social Security trust fund endangered but so, too, is the Medicare trust fund. Despite the words from the Senator from Ohio, there really is a Medicare trust fund. It really is in surplus. We know that. That is from the reports from this administration. Those are what the reports from the Congressional Budget Office make very clear.

Here is the “Medicare Budget Outlook,” from chapter 1, from the CBO, table 1-7 “Trust Fund Surpluses.”

Under “Medicare, Hospital Insurance (Part A),” the trust fund is in surplus each and every year of the years under consideration.

Part B, referenced by the Senator from Ohio, is in rough balance.

What the Senator from Ohio has confused with his charts, is that Part A has always been funded in one way, under one formula, and Part B has been funded under a different formula. Part B is funded by premiums paid by Medicare beneficiaries and by general fund contributions. That is not in deficit as asserted by the Senator from Ohio. That is incorrect. Long ago, Congress determined Part B would be funded in part by contributions from the general fund, in part by premiums. We decide that level of contribution from the general fund as a matter of law. We make that determination. It has nothing to do with the Part B trust fund being in surplus or deficit. In fact, the reports of the Office of Management and Budget and the reports of the Congressional Budget Office show that the Part B trust fund is in rough balance because of that funding mechanism. It is not in deficit. That is an inaccurate statement. Part A is in surplus. So I believe the proper policy here is to give protection to both the Social Security trust fund and the Medicare trust fund, not just the Social Security trust fund, because the truth is Medicare is headed for insolvency even sooner than Social Security.

I believe we ought to save the Social Security surplus and save the Medicare surplus; we ought to provide protection to both. It is critically important that we do so.

The amendment I have offered in the second degree to the amendment of the Senator from Ohio protects the Social Security surpluses in each and every year, takes the Medicare Part A trust fund surplus off budget, just as we have done with Social Security, and gives Medicare, the same protections as Social Security and the same interest and penalties for enforcement for both. This is an amendment that received 60 votes on the floor of the Senate last year. Sixty Members voted for protecting both Social Security and Medicare. I hope we will do that again.

To go to the specific comparison of the two amendments I think would be useful to our Members.

First, on the question of taking Medicare off budget, my amendment does so, to provide the same protection we have provided to Social Security. The basic idea is a simple one. Should we use Medicare trust fund money or Social Security trust fund money for other purposes? Should we be using that money to fund the other operations of Government? My answer would be that at a time of economic growth we simply should not. We should not be raiding trust funds, retirement funds, health care funds, to pay for other functions of Government.

We should not be using Medicare trust fund money to pay for national defense. We should not be using Medicare trust fund money or Social Security
trust fund money to pay for education. We should not be using trust fund money to pay for tax cuts. We did not put a trust fund money to pay for the park system. The fundamental reason not to is we need that money to make the funds solvent. We have the baby boom generation coming along. If we use that money for other purposes, it is not available to pay down debt or to address the long-term liability in those programs. The fundamental effect is we dig the hole deeper before we start refilling it.

My amendment would take the Part A trust fund off budget and protect it just as we do Social Security. The Voinovich amendment does not. He does not protect Medicare like Social Security.

The second question is, Does it protect Medicare surpluses? My amendment, the Conrad amendment, does. It creates supermajority points of order against any legislation that would decrease the Medicare trust fund or increase trust fund deficits in any fiscal year. The Voinovich amendment has no such provision.

On the third question of protecting Medicare against cuts, yes, on the Conrad amendment. We exempt Medicare trust funds from mandatory sequestrations. We do not think those funds that are dedicated to Medicare should be used to cover up the deficit in other places in the budget. We do not think Social Security funds should be used for that purpose. We do not believe Medicare funds should be used for that purpose. We have already separately taxed people for Medicare and Social Security. They are in surplus. To take their funds to pay for other functions of the Federal Government is just wrong. No private sector entity could do that. There is not a private sector firm in America that could raid the retirement funds of its employees and use them to fund the other operations of the company. That is illegal. It would be illegal under Federal law if any private sector organization tried to do it.

Why don’t we apply the same principle to ourselves? Why don’t we say: Look, trust fund money? That is a different category. It is a different category from other spending. If we are going to do that, we have to treat the Social Security trust fund and Medicare trust fund in the same way. My amendment does. The amendment of the Senator from Ohio simply does not. In fact, the amendment of the Senator from Ohio would require Medicare to be cut; defense could be cut; any other part of Federal spending could be cut; it is undifferentiated. It doesn’t matter whether it is a trust fund or other operations of Government; under the amendment of the Senator from Ohio, today, tomorrow, it is undifferentiated. It doesn’t matter whether it is a trust fund or

He was exactly right when he made that statement. That is why I offer this amendment today, to protect Social Security and Medicare, to treat them as trust funds, because that is the way they were designed, that is the way they were set up, and that is the way we ought to treat them. This chart shows why are already in trouble. Under the budget that was passed, with the tax cut that was passed, with the economic slowdown that is occurring, in the fiscal year 2001, the year we are in right now, you can see we started with a $275 billion forecasted surplus, but $156 billion of that is Social Security money and $28 billion is Medicare trust fund money. When you take those out, you have $92 billion left. Then you take out the tax bill. That is $74 billion. If you take out what is in the budget resolution that passed both the Senate and the House, that is another $10 billion out of this year—most of it is in the bill that is before us right now, the supplemental appropriations bill. Then when you look at the interest associated with the first two, we are down to a margin of only $6 billion this year.

Now we have been told by the administration we can anticipate—to be fair, this is Mr. Lindsey, Larry Lindsey, the President’s Chief Economic Adviser, who did a back-of-the-envelope calculation and said when we adjust the number that he used for the different base lines, we would lose another $20 billion this year because of the economic downturn. That puts us in the hole this year by $17 billion. That puts us into the Medicare trust fund by $17 billion.

That is before any appropriations bill has passed. No appropriations bill has passed. There is no spending beyond what is in the budget that has already in trouble. And for next year you can see the same pattern, but is it more serious in that we are using all of the Medicare trust fund next year, plus we are even using some of the Social Security trust fund—only $4 billion but, nonetheless, that numbers show that with the economic slowdown this year, we can anticipate lower receipts next year. If you look at all of the numbers and you look at how much of the money is in the trust funds, you find that we have a problem this year and next year.

If we go even further and look at the next 10 years, what we see is that we have problems in the Medicare trust fund in the first 4 years. Every year we are into the Medicare trust fund just based on the budget that has passed, based on the tax cut that has passed, based on the economic downturn we see so far. And that is before we consider the President’s request for billions more in national defense are in trouble already. We are into the trust funds already before we consider the President’s defense requests, before we consider any new money for education.

July 10, 2001

CONGRESSIONAL RECORD—SENATE 12775
Remember, we just passed an authorization bill with over $300 billion of new money for education. This is before the Voinovich money for natural disasters. And we typically have $5 to $6 billion for natural disasters every year. This is before the tax extenders are passed. Those are popular provisions—basic research and development tax credit—does anybody believe we are not going to extend the research and develop tax credit? Does anybody believe we are not going to extend the wind and solar tax credits? If we do, it is not in the budget. And it just makes the problem more severe.

I say to my colleagues, we are into the trust funds before any of these additional measures, before the President’s defense requests, before any new money for education, before money for natural disasters, before the tax extenders are provided for, before the alternative minimum tax problem is fixed. And I am not talking about a total fix to the alternative minimum tax; I am even talking about a fix to the problem created by this tax bill that has been passed. Just fixing that matter is a $200 billion cost. This is before any further economic revisions. And we have been alerted by the Congressional Budget Office to expect a further downward revision to the long-term forecast because of the weakening economy.

Colleagues, what could be more clear? We have a responsibility to deal not just with the short term but with the long term as well.

Mr. REID. Will the Senator yield for a unanimous consent agreement?

Mr. CONRAD. I would be happy to yield.

Mr. REID. Mr. President, these unanimous consent requests have been cleared by both leaders and both managers of the bill that is now before us.

So, Mr. President, I ask unanimous consent that with respect to the Feingold amendment No. 863, there be 30 minutes for debate divided as follows prior to a vote in relation to the amendment: 20 minutes under the control of Senator FEINGOLD, 10 minutes equally divided between the chairman and ranking member, with no second-degree amendments in order prior to the vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Thank you. Mr. President, I ask unanimous consent that with respect to the Voinovich amendment No. 866, that at 2:15 p.m. there be 2 minutes for debate equally divided between Senators V OINOVICH and CONRAD—and this would go back to the time when they started their debate earlier today, which is probably—

Mr. DOMENICI. Reserving the right to object.

Mr. REID. Pardon me.

Mr. DOMENICI. I am reserving the right to object.

Mr. REID. If I could complete the request—on the subject of both the Voinovich amendment No. 865 and the Conrad amendment No. 866, that at 2:15 p.m. there be 2 minutes for debate equally divided between Senators V OINOVICH and CONRAD prior to a vote in relation to the Conrad amendment; that following the disposition of his amendment—that is, the Conrad amendment—there be 6 minutes equally divided between Senators V OINOVICH and CONRAD followed by a vote in relation to the Voinovich amendment, as amended, if amended.

I want to make sure it is clear, all time already consumed by Senator VOINOVICH and Senator CONRAD be charged against the 90 minutes. I also say, to alleviate any questions anyone might have, there will be points of order raised against both amendments.

The PRESIDING OFFICER (Mr. CARPER). Is there objection?

Mr. DOMENICI. Reserving the right to object, and I will not object—maybe I didn’t hear it—did you reserve some time for the Senator from New Mexico to speak?

Mr. REID. Senator VOINOVICH has some time. I assume that is where your time will come from, because we are already working under a time agreement that was entered into yesterday.

How much time remains for Senator VOINOVICH?

The PRESIDING OFFICER. Twenty-four minutes.

Under the unanimous consent request, there would be 21 minutes remaining.

Mr. REID. Twenty-one minutes.

I ask Senator VOINOVICH, would you yield some of that time to the ranking member of the Budget Committee?

Mr. VOINOVICH. Fine.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Senator VOINOVICH has some time. I assume that is where your time will come from, because we are already working under a time agreement that was entered into yesterday.

How much time remains for Senator VOINOVICH?

The PRESIDING OFFICER. Twenty-four minutes.

Under the unanimous consent request, there would be 21 minutes remaining.

Mr. REID. Twenty-one minutes.

I ask Senator VOINOVICH, would you yield some of that time to the ranking member of the Budget Committee?

Mr. VOINOVICH. Fine.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Further, Mr. President, I ask unanimous consent that with respect to the Hollings amendment No. 873, there be 40 minutes for debate divided as follows prior to a vote in relation to the amendment: 20 minutes under the control of the Senator from South Carolina, Mr. HOLLINGS; 20 minutes equally divided between the chairmen and ranking member of the Appropriations Committee, with no second-degree amendments in order prior to the vote; further, that this debate commence upon the conclusion of the debate on the lockbox amendments this morning—that is, the Voinovich and Conrad amendments—and that, further, a vote in relation to the Hollings amendment occur upon disposition of the Voinovich amendment, as amended, if amended, with 4 minutes for debate equally divided prior to the vote. And to clarify, the chairmen and the ranking member of the Appropriations Committee or their designees would control the 20 minutes.

The PRESIDING OFFICER. Is there objection to this unanimous consent request?

The Chair hears none, and it is so ordered.

Mr. REID. Mr. President, let me, through you, to my friend from North Dakota, express my appreciation for his courtesy in yielding the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me just pick up where I left off and point out that while we are in the Appropriations Committee or their designees would control the 20 minutes, just fixing that mat-

Mr. CONRAD. Mr. President, let me just pick up where I left off and point out that while we are in the Appropriations Committee or their designees would control the 20 minutes, just fixing that matter is a $200 billion cost. This is before any further economic revisions. And we have been alerted by the Congressional Budget Office to expect a further downward revision to the long-term forecast because of the weakening economy.

So, Mr. President, I ask unanimous consent that with respect to the Feingold amendment No. 863, there be 30 minutes for debate divided as follows prior to a vote in relation to the amendment: 20 minutes under the control of Senator FEINGOLD, 10 minutes equally divided between the chairman and ranking member, with no second-degree amendments in order prior to the vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Thank you. Mr. President, I ask unanimous consent that with respect to the Voinovich amendment No. 866, there be 2 minutes for debate equally divided between Senators V OINOVICH and CONRAD—and this would go back to the time when they started their debate earlier today, which is probably—

Mr. DOMENICI. Reserving the right to object.

Mr. REID. Pardon me.

Mr. DOMENICI. I am reserving the right to object.

Mr. REID. If I could complete the request—on the subject of both the Voinovich amendment No. 865 and the Conrad amendment No. 866, that at 2:15 p.m. there be 2 minutes for debate equally divided between Senators V OINOVICH and CONRAD prior to a vote in relation to the Conrad amendment; that following the disposition of his amendment—that is, the Conrad amendment—there be 6 minutes equally divided between Senators V OINOVICH and CONRAD followed by a vote in relation to the Voinovich amendment, as amended, if amended.

ed, if amended, with 4 minutes for debate equally divided prior to the vote. And to clarify, the chairman and the ranking member of the Appropriations Committee or their designees would control the 20 minutes.

The PRESIDING OFFICER. Is there objection to this unanimous consent request?

The Chair hears none, and it is so ordered.

Mr. REID. Mr. President, let me, through you, to my friend from North Dakota, express my appreciation for his courtesy in yielding the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me just pick up where I left off and point out that while we are in the Appropriations Committee or their designees would control the 20 minutes, just fixing that matter is a $200 billion cost. This is before any further economic revisions. And we have been alerted by the Congressional Budget Office to expect a further downward revision to the long-term forecast because of the weakening economy.

So, Mr. President, I ask unanimous consent that with respect to the Feingold amendment No. 863, there be 30 minutes for debate divided as follows prior to a vote in relation to the amendment: 20 minutes under the control of Senator FEINGOLD, 10 minutes equally divided between the chairman and ranking member, with no second-degree amendments in order prior to the vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Thank you. Mr. President, I ask unanimous consent that with respect to the Voinovich amendment No. 866, there be 2 minutes for debate equally divided between Senators V OINOVICH and CONRAD prior to a vote in relation to the Conrad amendment; that following the disposition of his amendment—that is, the Conrad amendment—there be 6 minutes equally divided between Senators V OINOVICH and CONRAD followed by a vote in relation to the Voinovich amendment, as amended, if amended.

I want to make sure it is clear, all time already consumed by Senator VOINOVICH and Senator CONRAD be charged against the 90 minutes. I also say, to alleviate any questions anyone might have, there will be points of order raised against both amendments.
other purposes. That is the heart and soul of my amendment. We ought to pass it.

Does that mean you are forced to have a tax cut in a time of economic slowdown? No, absolutely not. We have an economic slowdown now. I proposed $60 billion of tax cuts, of fiscal stimulus this year. That was part of the proposal I put before my colleagues—far more fiscal stimulus than the President proposed. That isn't the correct suggestion, that somehow we would force tax increases or spending cuts at a time of an economic slowdown. They are not forecasting an economic slowdown for this year or next year or the year thereafter. They are forecasting strong economic growth. We see from the numbers that their plan has put us into the trust funds of Medicare. There has not been some set-back of economic growth. That doesn't make sense to this Senator. I don't think it makes any sense at all.

My colleague on the other side put up a chart suggesting that spending is out of control, that that is the problem. I have to give the other side the story. That may be the popular view, but it doesn't match the facts.

This chart shows Federal spending as a share of the economy has gone down each and every year for the last 9 years. There hasn't been some big spending splurge. He talks about one part of Federal spending. That is the chart he had. The chart he had was not all Federal spending. No, the chart he had was one part of Federal spending that has shown significant increases. He didn't tell Members that he was showing a chart that has just one-third of Federal spending. He didn't say that. He made people believe that was all of Federal spending. I urge my colleagues to take a stand and vote to protect not only the Social Security trust fund but the Medicare trust fund as well. That is common sense.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota has 17 minutes remaining. The Senator from Ohio has 21 minutes remaining.

The Senator from Ohio.

Mr. VOINOVICH. I yield 10 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am not here in the Chamber to discuss the economics of the next 4, 5, 6, 10 years, nor am I here to conduct an argument with the Budget chairman with reference to the economy, what we are getting versus what we projected. In due course, we will get some projections that are authentic and we will be down here to talk about the shortfall, which perhaps is a shortfall in revenue, but we have nothing official. We have a statement out of the White House. There is a formula that could be applied if the economy comes down by $ amount or the tax take could be reduced by a certain amount.

My colleague Senator CONRAD is building a proposed set of hearings around that. I look forward to them.

For now, let me say the biggest thing that has happened with reference to the surplus is, No. 1, the Congress, led by the Senate, decided to increase the stimulus this year in this remaining part of the budget cycle. We decided in conference and then voted, with very large votes, that $72 billion would be given back to the American people during the remainder of this year. That is a very large sum. It is the most prudent thing we could have done.

Looking back, I am very glad we did it. The only thing we have going governmentally that might help this economy is to get some of these tax dollars back into the hands of taxpayers to see if it will build on their confidence as consumers or if they will use it to purchase items that are currently under the rubric of heavy inventories that are driving the economy down.

No. 1, the only big thing we have done and causing this downturn to be around $72 billion in the first year, this year, and about $30 billion plus next year. To the extent that that reduced the surplus, I guess one would have to ask: Should we now undo that tax measure? We understand sort of is going to propose as an amendment that we reduce the tax cuts. I don't know if it is in the first year or what, but the Senate followed our good friend, Senator HOLLINGS, here in the Chamber while we were doing the budget resolution and said we should do more in the first and second years, and essentially the conference on the tax bill gave in to the proposals coming forth from this body.

The second thing that has happened is even though the Congressional Budget Office had dramatically reduced the expectation of growth, they went from about a 5.1 growth to an estimate for the relevant year of 2.5 percent, so we were operating on a rather conservative set of economics. But what has happened is a shortfall in the American economy, or the downturn, which has gone on pretty long—much longer than many expected—is apparently going to cause some diminution, some lessening of the taxes coming into the coffers than was expected. We don't have the exact information from how or from whence.

So we have a tax cut that is our best hope of bringing this economy back and causing this downturn to be around $70 billion this year and the $30 billion-plus next year are probably as close to what the economic doctor...
would have prescribed to us if he were looking at the veins of our economy and saying we better make some of them a little more robust. So that happened. The economic estimate went from 5.5 plus to 2.5 by the CBO. Apparently, it is coming down beyond that, but for how long and how much, I don’t know. We will be getting our numbers together and we can have a very interesting debate. What do we do if, in fact, this recession, this downward trend, lasts a little longer than expected? What do we do with reference to the shortfall in revenues? Do we increase taxes? Of course not. Do we just cut everything in the Federal programs 10 percent or 8 percent? Of course not. We won’t do that.

Today, we have an amendment by the new chairman of the Budget Committee in mind. I believe to be not I erode support. I don’t think it is the right thing to do. First of all, this amendment is the same amendment that was offered in the Senate and defeated by the Senate on the Bankruptcy Act. The amendment the distinguished chairman is offering now, he offered then. Approval of it was denied by the Senate.

The second thing is, if we look at the entire Medicare Program instead of just Part A, we will see that Medicare is already running a deficit of $58 billion in 2002 and nearly a trillion dollars over 10. For what does that cry out? It cries out for reform of the Medicare system, and it cries out loudly for a different delivery system and prescription drugs.

Incidentally, there is $300 billion sitting in this budget to be used for prescription drugs if and when we get a bill. But we have said all of the moneys that are part of Medicare should be used to reform this, and certainly Medicare money should be used as part of a reform measure, including prescription drugs.

The second point is that it was voted down in the Senate on a point of order. This splits Medicare in half. For the first time, we had half of Medicare off budget, half of Medicare on budget. That doesn’t mean anything to anyone out there. But it is just totally the wrong way to help solve the long-term problems. I wonder if any of the members in this Chamber hope that as part of prescription drugs we actually reform Medicare so that it can deliver more for less? It is a 25- or 30-year-old regime, in terms of what is paid for and deducted and all of those things. Those should be made modern in the reform package.

This amendment won’t permit that because it says the portion of the trust fund that is for Medicare Part A is totally off budget, but Part B is on budget.

From my standpoint, we are going to just encourage more gimmicks when we do this kind of thing. We are all aware that the surpluses were generated because we shifted home health services from Part A to Part B in 1997—because it was a way of saying Medicare looks better—but at the same time we took one of the biggest components of their responsibility away from them. Anybody can do better on money if they have five million somewhere. We will put them somewhere else and you can run around and say all you owe are two mortgages and the other three are sitting over there somewhere and you are not going to do anything about them.

I believe the most important thing we can do—and everybody has priorities—the most important thing we can do this year—and I think the President is taking the first step tomorrow—is to get the Medicare reform. My concept would be that the money in Medicare, Part A and Part B—and the $300 billion in this budget for additional prescription drugs—we package all that and pass a Medicare bill this year. I think that is the right thing to do.

I could talk a lot longer about trust funds and how they relate to the budget of the United States. But, for today, I believe the chairman of the Appropriations Committee, or the ranking member, whose bill is on the floor, will make a point of order. The distinguished majority whip has said a point of order will be made. I think it will be made in each case by a different Senator, one from each side of the aisle. This violates the Budget Act and therefore a point of order lies against it. I don’t think anybody who votes for that is going to make it stick that they are against Medicare.

As a matter of fact, one might make the argument that if the Conrad amendment is adopted and made law, which is a long way from now, you might make it harder to get reform in prescription drugs because you will be working off some arbitrary lines that are now poised to do because of an unwise fiscal policy that has been put in place, guess what happens.

What does that mean? I do not think we want to force the Medicare trust fund to go broke faster. It does not make sense to me.

The Senator from Michigan is seeking time. I yield 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Michigan is recognized for 5 minutes.

Ms. STABENOW. I thank the Chair. Mr. President, I thank our Budget Committee chairman for his leadership on this issue. I am proud to be cosponsoring the amendment he has offered to protect Medicare and Social Security is a very simple, straightforward debate: Are we going to protect Social Security and Medicare trust funds for their intended purpose, or are we going
to allow them to be used for other purposes?

This is my friend from Ohio speaks about Social Security trust funds, and I share his concern about protecting them, but that is not enough without including Medicare. I find it so interesting that in the Budget Committee we have heard testimony from the Secretary of the Treasury about protecting Social Security, and we have heard from the OMB Director about protecting Social Security, but nowhere do they talk about protecting Medicare.

Then we turn around and review over 30 years of reports regarding the Medicare trust fund, the solvency of the Medicare Part A trust fund. For over 30 years, we have acted as if there is a Medicare trust fund. Now we are being told magically this year, with a new administration, that there is no trust fund. I find that quite amazing. In fact, there is a Medicare Part A trust fund. It is in surplus. It goes for important health care purposes. Just ask our hospitals. It is important we protect those dollars for those who receive health care through Medicare.

I also find quite interesting the logic that if, in fact, there is not a Medicare trust fund, there is no surplus; then rather than putting money into Medicare in order to strengthen it, we should spend it for other items. That is basically what we are hearing; that it is all right to spend Medicare for something other than health care for seniors and the disabled because somehow, through accounting mechanisms, we decided there is no trust fund.

The Conrad amendment, which is so fundamental and so important to the people of our country, simply says we will not spend Social Security and Medicare trust funds for something other than the intended purpose. This is absolutely critical. Those of us who stood in this Chamber and expressed concern about the budget resolution, expressed concern that, in fact, Medicare and Social Security could be used to pay for the tax cut that passed, to pay for other spending, the reason Senator EVAN BAYH, Senator OLYMPIA SNOWE, I, and others offered something called a budget trigger during that debate was simply to say we did not want to be in this situation and that phase-in of the tax cuts would be suspended if we were dipping into Medicare and Social Security.

That received 49 votes, not quite enough for adoption. We now move on throughout the year, and we find ourselves, as our Budget chairman has indicated, poised to spend Medicare health care dollars for other purposes, not in the future but this year and every year until 2010.

The Conrad amendment simply says we will not do that; we will protect the sacred promise of Social Security and Medicare; we will not spend Social Security or Medicare for other than the intended purpose.

This is why we ought to make sure we put it in place and protect for the future, for those who are counting on us, who are paying into Medicare as well as Social Security and are counting on us to make sure that health care is available to them when they need it.

I believe Medicare and Social Security are great American success stories and we ought to do everything in our power to guarantee that both of those trust funds are strengthened and protected, not weakened. The Conrad lockbox amendment protects those promises and those trust funds for the future, and I urge my colleagues on both sides of the aisle to strongly support the Conrad amendment.

I yield back any time remaining.

The PRESIDING OFFICIAL. Who yields time?

Mr. VOINOVICH. Mr. President, how much time do I have remaining?

The PRESIDING OFFICIAL. Mr. VOINOVICH may proceed.

Mr. VOINOVICH. How much time do I have remaining?

The PRESIDING OFFICIAL. Nine minutes forty seconds. The Senator from Ohio has 9 minutes and 40 seconds.

Mr. VOINOVICH. Mr. President, I will make a couple of remarks and let the Senator from North Dakota finish up on his time, and then I want to give Senator GRAMM of Texas the last part of my time, if that is acceptable to the Chair.

The PRESIDING OFFICIAL. The Senator from Ohio may proceed.

Mr. VOINOVICH. Mr. President, we have a saying in Ohio, especially north of Route 49, that you cannot make a silk purse out of a sow's ear. We are talking about a Medicare Part A surplus, and to not also recognize that we have a Part B Medicare responsibility and argue that we have a surplus when the figures show that when we put A and B together they are in deficit some $52 billion—there is no such thing as a Medicare surplus, if you are looking at Medicare as it really is, and that is Part A and Part B.

In this budget, we are going to have about $36 billion more than what we expected in Part A, but on Part B—that is the out of hospital—we are going to be in deficit some $38 billion. When we put the two of them together, we are in deficit $52 billion.

How can one talk about a Medicare surplus when we are in debt $52 billion? If we take the next 10 years, we are going to take in $393 billion more in Part A, but in Part B we are going to have to subsidize $1.36 trillion, and it all works out to be a deficit of $864 billion.

The point I am making is this: There is no Medicare surplus; it is a fiction. If we are to go along with the amendment of the Senator from North Dakota, in fact, what is going to happen is it will be used to pay down debt, and we will not have it to reform Medicare, which we need to do. We will not have it to pay for the prescription drug benefits that the American people are demanding, we will not have it to reform the Conrad lockbox amendment that I suggest today.

I point out to the Senator from North Dakota that the sequester does not take Medicare or Social Security. It exempts those under the Budget Act of 1985 so you don't have to worry, if the sequester goes into force, taking anything out of Social Security and some of the other things to which the Senator made reference. It is written in my amendment and references the 1985 budget agreement.

Mr. CONRAD. Mr. President, my staff says the Senator is incorrect when he says his amendment protects Medicare from the sequester, protects Social Security. They assert after examining the amendment that it does not protect Medicare from a sequester.

More importantly is the question of whether there is a trust fund surplus. I ask the Senator from Ohio, does he dispute the report of the Congressional Budget Office? The report of the Congressional Budget Office is as clear as it can be on page 19. I refer the Senator to "Trust Fund Surpluses." There is Social Security. We all know it is in surplus. Medicare, hospital insurance, Part A, is in surplus every single year. Part B is in rough balance over the 10 years.

The Senator from Ohio has confused the funding mechanism for Part B. The funding mechanism is part of the cost, for Part B is premiums paid by those who are Medicare eligible and the other part is a general fund contribution. It is not in deficit. It is a choice made by Congress as to how to fund Part A, which are payroll deductions. That is how it is funded. It is in surplus. Part B is funded by premiums for part of the costs and by general fund contributions for the other part. It is not in deficit. It is a decision made by the Congress. Part A is in surplus; Part B is in rough balance.

To suggest there is no surplus, I ask the Senator, what is his conclusion, this money doesn't exist? There is no surplus in Part A. We don't think so. It is as clear as it can be.

If one says there is no surplus and make it a jump ball, make this money

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available for other purposes, that is what will happen around here. That is the implication of the Senator’s position. It is a prudent position. It is a position that says we can use this money for any purpose; it doesn’t matter. It doesn’t matter that we have a trust fund. It doesn’t matter that these moneys are supposed to be protected. We will use them any place. That is exactly what got us back into trouble in the 1980s. We raided every trust fund in sight and put this in the deficit ditch and exploded the deficits and exploded the debt. I don’t want any part of repeating that process.

I yield the floor.

Mr. Voinovich. I yield to the Senator from Texas.

Mr. Gramm. I thank the Senator from Ohio. There is only one person in this Congress who has done anything to control spending to this far, and his name is George Voinovich of Ohio. He got 35 Members of the Senate to sign a letter urging the President to veto spending bills that were over budget, that threatened the viability of Social Security and Medicare, and threatened the surplus. I congratulate him on that. He has proposed a mechanism to be sure we do not spend the Social Security surplus.

First of all, let me make it clear that there is not a Medicare surplus. If ever there has been a fraud, this is it. It is true that one part of Medicare has a surplus of $29 billion. But it is also true that the other part of Medicare has a deficit of $73 billion, so Medicare in terms of taking general revenue, losing money, is running a deficit of $44 billion.

Even the surplus in Part A is the product of a gimmick from the Clinton administration where we took the fastest growing part of Part A, home health care, and “saved” $174 billion by paying for it out of Part B rather than Part A.

I am tempted to vote for the Senator from North Dakota’s amendment because it makes it harder to spend money. I would have to say that the distinguished chairman of the Budget Committee has a power that no other Member of the Senate has because under the budget resolution he unilaterally controls $423 billion worth of reserve funds, and simply by saying that money cannot be spent. No one is in a better position than the distinguished chairman of the Budget Committee to deal with the crisis that he has talked about.

When Senator Domenici was chairman on the Budget Committee, he had a surplus. We were not spending any of the so-called surplus in Medicare. We were not spending a penny of the Social Security surplus. We had general surplus in the rest of the budget. Now that the Senator from North Dakota has taken control and apparently things have almost spontaneously gone to hell, it seems to me he has a lot of explaining to do. I look forward to hearing it.

But the bottom line is, we have a proposal before us that sets up a process to make it much harder to spend the Social Security surplus. Then, if we spend it, it has an enforcement mechanism through a sequester. Everyone Member of the Senate that means it when they say they are going to do anything about Social Security ought to support this amendment of the distinguished Senator from Ohio.

In my opinion, the case for the amendment of the Senator from North Dakota is a much weaker case. There is not a Medicare surplus. There is a surplus in one part of it, there is a deficit in the other. And we created the surplus by taking the fastest growing part out of it during the Clinton administration and putting it into Part B. So the whole thing is kind of a fabrication. On the other hand, if we actually did not allow the surplus to be spent, it would be harder to spend money. But there is another paradox, and that is you could not even spend it for Medicare.

So whatever you do on the amendment of the Senator from North Dakota, I urge you to support the amendment of the Senator from Ohio.

The Presiding Officer. Time controlled by the Senator from Ohio has expired. The Senator from North Dakota has 5 minutes remaining.

The Senator from North Dakota. Mr. Conrad. Mr. President, the Senator from Texas is wrong about the amendment of the Senator from Ohio.

I just say this. Some of what the Senator from Texas says I agree with. I really do think we have a circumstance that requires us to think very carefully about how we are going to deal with requests for additional spending, requests for any purpose, because, as I calculate it, the cupboard is bare. We are already into the trust funds or are poised to be if the items in the budget resolution that has been passed, the President’s proposed supplemental appropriations bill before the Senate, we have half a dozen amendments that simply add more spending for little pork barrel projects and for great big programs, for important items such as defense, for unimportant items such as somebody’s pet project. But the point is, we are still spending money as if it is water.

I am for both these amendments because they both make it harder to spend money. I would have to say that the distinguished chairman of the Budget Committee has a power that no other Member of the Senate has because under the budget resolution he unilaterally controls $423.8 billion worth of reserve funds, and simply by saying that money cannot be spent. No one is in a better position than the distinguished chairman of the Budget Committee to deal with the crisis that he has talked about.

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So whatever you do on the amendment of the Senator from North Dakota, I urge you to support the amendment of the Senator from Ohio.
The Senator from Texas talks about the power that he has. The power I have is actually rather limited. The power I have is to release reserve funds that are in the budget, but any action I take can be overcome by 60 votes in the Senate.

Mr. HOLLINGS. I thank the distinguished Chair. Madam President, I want to yield to the distinguished ranking member of our Finance Committee because he has a conflict. We want to try to accommodate that.

Mr. GRASSLEY. Madam President, I yield myself such time as I might consume. I will not consume all the time that has been allocated to our side. I will not here to allocate other time. So anybody who wants to speak in opposition to the Hollings amendment is free to yield themselves what time I might have remaining.

Even though Senator HOLLINGS has not discussed his amendment—he is right here on his feet—I have strong opposition to his amendment because his amendment would repeal the retroactive marginal rate cuts enacted on June 7, this year, barely 1 month ago. My opposition to the amendment of Senator from Iowa is clear. I will try to accommodate that with American workers, investors, businesses, and collectively the American economy—to the people.

What the Hollings amendment really says is, return taxes to their record levels. The Hollings amendment says high taxes are no problem and should be ignored in a slowing economy. Think about this, my fellow Senators. This amendment, in effect, raises taxes at a time we have a slowing economy.

Madam President, I yield the floor and thank Senator HOLLINGS for yielding to me to make these remarks at this point ahead of him.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Madam President, the distinguished then-chairman of the Finance Committee, when they reported out the tax cut, did not include a rebate, did not include a tax cut for this present fiscal year, 2001. But to not have it in all of a sudden has become, in his words, dangerous: Oh, this is a dangerous thing, I am just doing what he, as the chairman of the Finance Committee, reported out.

I have said: Look, let’s not have a tax cut for the year 2001. That is exactly what President Bush said when he submitted his tax cut: Let’s not have a tax cut for 2001. We will begin in 2002. That is what the House of Representatives said when they passed the tax cut. They said: Don’t have it for 2001. Let’s begin in 2002.

Now, all of a sudden, to do that has become dangerous? a constitutional question? I originated this particular rebate, which I ask now to be repealed, in the Senate. The Senate did not raise a constitutional point of order that it was a revenue measure that should determine the House. We in the House of Representatives voted for it, without question, without point of order, without constitutional question. They did not blue-slip it when it got over to the Senate. The Senate did not blue-slip it when it got over to the House of Representatives.

Now, where are we going to talk about campaign finance in the morning paper and say the House is debating it and they are only going to have 1 day of debate. But we are only going to have 15
minutes of debate here this morning on campaign finance because that is all this is. Nobody thinks now the minimal rate. Too little rebate going to work. I have not found anybody who really thinks mailing somebody $300 or $600 is all of a sudden going to trigger a recovery in a $10 trillion economy—let me emphasize this. When it got to be about February and March, and I really began to worry about the economy, wondering if there was anything that could be done, yes, there was a rebate being discussed. So I went to the financial minds on Wall Street and the economists—because I am a former chairman of the Budget Committee, and I know whom to call and whom to talk to—and I said: Look, do you think a rebate will work? They said: It’s 50–50, a flip of the coin. It might, but probably will not. To make sure it works, they told me the rebate ought to be at least 1 percent of the gross domestic product of $10 trillion, which is $100 billion. And it certainly ought to cover as many taxpayers as possible. So you have our $100 billion, and we included the 95 million income-tax payers and the 25 million payroll-tax payers, and do you know what those rascals did? Listen to this. They gimmickled: The corporate taxes due in September—namely, fiscal year 2001—we are going to move that over to October so we will have enough money for the campaign next year.

Talk about campaign financing. Where are we going to take it away? We are going to take it away from, of all people, Dicky Flatt.

The Senator from Texas is always talking about little Dicky Flatt who pulls the wagon and pays the taxes and builds the country and sits around the kitchen table. Poor Dicky Flatt gets nothing. What does this government say? Let’s put everybody in Dicky Flatt’s shoes. If he and the 25 million payroll-tax payers are not going to get anything, then let’s not give it to anybody because we can save $40 billion. To pay for what? To pay for the defense, the $18 billion increase that Secretary Rumsfeld says we are going to need. To pay for what? The distinguished Senator from Iowa re-located $250 million over 10 years for education.

Everybody is asking: Where is the money? Instead of sobering up and looking at it in a judicious fashion and saying, wait a minute, what we are really doing is borrowing, we will have to borrow some $40 billion to distribute around when we know it is not going to do the job.

Let me emphasize why I say borrow. Here in my hand is the debt to the penny. The U.S. Department of the Treasury can check this on the Internet. The national debt now is up to $5,710 trillion. At the beginning of the fiscal year it was $5,674 trillion. So, a surplus? Come on. The debt has gone up. We have a deficit, as of this minute, of $36 billion and it is going up.

I will tell after that the distinguished former chairman of the Budget Committee, the Senator from New Mexico, will come out. I will still jump off the Capitol dome. He wants me to, I know. But I will jump off that dome if the deficit is less than $50 billion by the end of September. You watch. It is going up, up, and away.

Here are the CBO figures. These are my realities. You can see here, we have earned the fiscal year 2000 with a $22.7 billion deficit, and at the beginning of this year, CBO was projecting a $20 billion surplus for 2001.

Then in May, they verified that $26 billion by saying: We are going to have to adjust it down by $6 billion. So it went down to $30 billion. You can see here that we are deferring the deficit. When President Clinton came in office, he came in with a $403.6 billion increase in the debt—a deficit of $403.6 billion. We have been going down, down, down in the red, and we lost the rebate. Yes, because the Senate voted for an increase in taxes, a cut in the size of Government—over 300,000 slots—and a cut in spending of over $350 billion. And what did that do? The market and technology boomed for 8 years, and for 8 years straight we have been reducing into the black and going right into surplus. As of April 3, we had a $102 billion surplus.

Now, today, July 10, we are already back in the red. I voted for a balanced budget under Lyndon Johnson, but I haven’t been able to for the past 34 years. I thought I could have until they came with the tax cut. And now they insist on it when they are going to give it to the rich. A stimulus was not even contemplated by President Bush. Now he talks about private debt and public debt, unified budget deficits and all this; we have had this gamesmanship for 34 years now. Debt held by the public has gone down $137 billion, but the debt held by the Government has gone up $173 billion. That is where you get the deficit of $36 billion. So we are borrowing now.

I don’t want to get into it with my distinguished chairman who is doing an outstanding job trying to save Social Security and Medicare. I can tell him, according to the Treasury records, as of this minute, they have spent $173 billion of trust funds. You have a computer. Just look up this information on the Internet.

I don’t know where they got the $173 billion. I have my ideas where they get it. They continue to spend. We passed 13–301. You have a Secretary of the Treasury running around. Secretary O’Neill, saying there never has been anything more in the $6.5 billion Social Security trust fund. The Greenspan Commission, section 21, said put Social Security off budget. On November 5, 1990, George Herbert Walker Bush signed it into law, 13–301, to put Social Security off budget in the sense that the President and the Congress were forbidden to report a budget that included the Social Security trust funds. Everybody voted for it, 98–2 here in the Senate. But they totally ignore it. And now we have the Secretary of the Treasury saying there never has been a trust fund.

That is how run amok this Government becomes. It is time we sober up and stop spending money we don’t have. Everybody is talking about paying down the debt, paying down the debt. A vote against this is to increase the debt. I am saying let’s hold the tax schedule where it is and, in short, do away with the rebate because it is not going to do any good. Everybody knows there is no chance of it. And Madame President, we might find some money to take care of defense, take care of education, take care of the $6.5 billion for this supplemental bill. That was never contemplated. We are looking at money and we are holding it and rather than going out and borrowing it, we are distributing it around to buy the vote. That is all it is going to do politically. It is not going to do anything economically. Maybe we can get back to some rational approach to our fiscal affairs.

Mr. Greenspan can do all he will with respect to the monetary policy, but it
is up to us to take care of the fiscal policy, the long-range interest rates and everything.

A headline from the Financial Times reads, “Hard Landing Alert Sounded for U.S. Economy.” And again, Mort Zuckerman, editor in chief of U.S. News and World Report, says that consumer spending, capital spending, and exports are declining rapidly, that the economy is in worse shape than it looks.

With that confronting us, why are we running around borrowing some $40 billion to mail around knowing it is not going to do any good, confronting funding Social Security, funding Medicare, funding the education increase of $30 billion a year, funding the increase that Secretary Rumsfeld wants of $18 billion?

I retain the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

Mr. STEVENS, Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

RECESS

Mr. REID. I have spoken to Senator HOLLINGS. He has no more time he wishes to use. The opposition has used some of his time. I don’t think we have any more time. The hour of 12:30 is quickly approaching. I ask unanimous consent that we recess for our Tuesday morning conferences of the parties at this time.

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will now stand in recess until the hour of 2:15 p.m. Thereupon, the Senate, at 12:28 p.m., recessed until 2:16 p.m., when called to order by the Presiding Officer (Mr. CLELAND).

SUPPLEMENTAL APPROPRIATIONS ACT, 2001—Continued

AMENDMENT NO. 865

The PRESIDING OFFICER. There will be 2 minutes equally divided before the vote on the Conrad amendment.

The Senator from North Dakota is recognized.

Mr. CONRAD. Madam President, the amendment I am offering today is an amendment I offered last year that got 60 votes on the floor of the Senate. Earlier this year, it got 53 votes on the floor of the Senate. It says we should protect both the Social Security and the Medicare trust funds. We already provide some protection of the Social Security trust fund. It would strengthen those protections. We would also provide those same protections to the Medicare trust fund. Both of these trust funds deserve protection. If we don’t provide it, the money will be used for other purposes.

I hope my colleagues will support this amendment.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. VOINOVICH. May I ask, how much time do we have?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. VOINOVICH. Thank you.

Mr. President, I urge my colleagues to vote against the Conrad amendment. In fiscal year 2002, the overall Medicare Program would require over $50 billion in general tax revenues. Over the next 10 years, the Medicare Program would require over $600 billion in general tax revenues. We can’t lockbox something that simply does not exist. It is a fiction.

This amendment, in my opinion, will harm our ability to reform Medicare and also harm our ability to provide a prescription drug benefit that so many of the American people desire.

Furthermore, the Conrad amendment does not contain any real teeth in terms of a Social Security lockbox. It lacks any automatic enforcement mechanism to protect Social Security. I urge my colleagues to vote no on the amendment and against the waiver of the point of order.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, on behalf of myself and the chairman of the Appropriations Committee, Senator BYRD, I raise a point of order that this amendment violates section 306 of the Budget Act.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the applicable section of that act for the purpose of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from New York (Mrs. CLINTON), the Senator from New York (Mr. SCHUMER), and the Senator from North Carolina (Mr. EDWARDS) are necessarily absent.

Mr. NICKLES. I announce that the Senator from Pennsylvania (Mr. SANTORUM), is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 42, nays 54, as follows:

[Rollcall Vote No. 221 Leg.]

YEAS—42

Akaka . . . Doran
Baucus . . . Durenberger
Bayh . . . Feingold
Biden . . . Graham
Bingaman . . . Harrison
Boxer . . . Hollings
Cantwell . . . Hutchison
Carnahan . . . Johnson
Carper . . . Kennedy
Cleland . . . Kerry
Conrad . . . Lieberman
Corzine . . . Levin
Daschle . . . Lieberman
Dayton . . . Wyden

NAYS—54

Allard . . . Ensign
Allen . . . Erti
Bennett . . . Feinstein
Bond . . . Fitzgerald
Breaux . . . Frist
Brownback . . . Gramm
Bunning . . . Grassley
Burns . . . Gregg
Byrd . . . Hatch
Campbell . . . Helms
Chafee . . . Cochran
Collins . . . Cochran
Craig . . . Inhofe
Crandall . . . Inouye
DeWine . . . Jeffords
Dodd . . . Kohl
Domenici . . . Kyi
Drilon . . . Lott

NOT VOTING—4

Clinton . . . Santorum
Edwards . . . Schumer

The PRESIDING OFFICER. On this vote, the yeas are 42, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained. The amendment falls.

Mr. REID. Mr. President, I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EDWARDS. Mr. President, I was unavoidably detained during this vote on the motion to waive the Budget Act with regard to the Conrad amendment, vote No. 221. Had I been present I would have voted no.

AMENDMENT NO. 866

The PRESIDING OFFICER. Who yields time on the Voинovich amendment?

Mr. STEVENS. May we have order, Mr. President.

The PRESIDING OFFICER. The Senator will be in order. The Senator from Ohio is recognized.

Mr. VOINOVICH. Mr. President, I ask unanimous consent to add Senators ALLARD, FITZGERALD, and HAGEL as cosponsors, and I also thank Senators MITCHELL, BINGAMAN, and CRAPSHAW for their help on this amendment.

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

Mr. VOINOVICH. I ask my colleagues to vote to support our Social Security lockbox amendment. Our lockbox strengthens the existing point of order against spending the existing Social Security surplus. Our lockbox makes it out of order to use the Social Security