SENATE—*Tuesday, March 1, 1994*

(Legislative day of Tuesday, February 22, 1994)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the Honorable BARBARA BOXER, a Senator from the State of California.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Trust in the Lord with all thine heart; and lean not unto thine own understanding. In all thy ways acknowledge him, and he shall direct thy paths.—Proverbs 3:5, 6.

Gracious God, Author, Sustainer, Consummator of history, awaken the Senators and their staffs to the reality of the guidance of a sovereign God in their daily affairs. Help them see the wisdom in the Proverb with which this prayer began. Help them understand that submitting to God does not stop their thinking process but, on the contrary, vitalizes them. Help them think more clearly. Help them see the big picture. Help them see the way to go.

You have said in Your Word, loving God, "The steps of a good man are ordered of the Lord * * *"—Psalm 37:23. Make this promise real to Your servants. Give them the humility to acknowledge their dependence upon God, in the confidence that he or she is most independent when living in dependence upon God.

In Jesus' name Whose every moment, every step, every word was God-led. Amen.

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 assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 1, 1994.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable BARBARA BOXER, a Senator from the State of California, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mrs. BOXER thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

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

BALANCED BUDGET AMENDMENT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of Senate Joint Resolution 41, a resolution proposing an amendment to the Constitution of the United States to require a balanced budget, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 41) proposing an amendment to the Constitution of the United States to require a balanced budget.

The Senate resumed consideration of the joint resolution.

Pending:

Reid amendment No. 1471, in the nature of a substitute.

The ACTING PRESIDENT pro tempore. The time until 1 p.m. today shall be equally divided between the Senator from West Virginia [Mr. BYRD], the Senator from Utah [Mr. HATCH], the Senator from Illinois [Mr. SIMON], and the Senator from Nevada [Mr. REID].

Who yields time?

Mr. REID addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. REID. Madam President, with some urgency and concern, I spoke yesterday to this Chamber about the balanced budget amendment. That urgency and concern have only increased.

I believe a specter haunts this body, Madam President. Gaunt, lined, and hollow eyed as death it leers down at us with malicious glee. It is the ghost of lost chances; the shade of missed opportunities; the phantom of wrong turns in the paths to which the Senate has turned this Nation's feet over these 200 years past.

In the fire of its eyes one may read of the rejection of the League of Nations and of Smoot Hawley. Around its shoulders are draped the shades of isolationism and it proudly wears the ribbon of McCarthyism. Heaped at its feet are the meaningless failed economic theories upon which this Chamber and our Nation have pinned their past economic hopes. It counts them with glee as a miser counts coins; glorying in every program and every promise that the budget would be balanced by 1933, by 1964, by 1991.

That specter is laughing now, Madam President, and clapping its bony hands, for once again this body is engaging for its entertainment in a sham and a charade.

The Simon bill will fail, Madam President. Its supporters have conceded as much. My amendment, my substitute, has enough support; that taken together with Simon, it would finally result in passage of a constitutional amendment to the States. Naturally, once the Simon supporters recognized that their bill would fail one would expect they would flock to an amendment that gives them most of what they want and which assures the same requirements for the end result they seek a balanced budget. One would think so, but that is only common sense, and now, as too often before common sense and the common good seem to be an uncommon commodity in this debate.

I ask you now my fellow Senators, to look not to your own partisan political interests, not to party nor dogma nor cant. Listen instead to the still, small voice of reason.

I plead with my friends on the other side of the aisle who have had someone announce on their behalf that none of them would vote for the Reid substitute. I plead with them to place the future of this country over the benefit of the next election.

Look not to how you will be best able to fool your constituents with snake oil tales and opium pipe dreams of what might have been if only those others had been true to the quest. Do not seek to camouflage what you have not done with stories of what might have been.

Rather, I ask my friends on the other side of the aisle to join me in voting for a substitute which if it passed would join us together. So let us join and stand together for that upon which we can agree. This is the way the political process is supposed to work. It is the only way this body can effectively work.

E pluribus unum; one from many. It is this Nation's motto. It is a touchstone for the Union. Too many of us have forgotten that guiding light; too many of us have forgotten our responsibility to work together in the common interest; too many have forgotten that politics is the art of compromise, the art of the possible.

I ask one more time of my friends on the other side of the aisle, will you join with me? Together we can make a mighty change and place this Nation on a road to fiscal responsibility. Separately, we will achieve nothing.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I have been told several times today that the media announced last night or this morning that the Reid substitute is going to fail, and that the Simon amendment was going to fail. What have we accomplished?

So, Madam President, the specter is watching and glowing, but the Nation is watching and hoping. Let us stand together and be counted together. It is the only way we will make a difference, the only way to lay this ugly shade to rest.

I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. SIMON. Madam President, I yield to the Senator from Massachusetts. How much time does he need?

Mr. KENNEDY. If the Senator will yield, I understand that the chairman of the Appropriations Committee is on his way to the floor. I am not familiar with how the time is divided prior to the lunch period.

Mr. SIMON. Senator BYRD has 1 hour, Senator REID has 1 hour, Senator HATCH has 1 hour, and I have 1 hour.

I assume the Senator from Massachusetts is speaking on behalf of the Simon amendment.

Mr. KENNEDY. Madam President, the Senator is usually correct 99 percent of the time.

Mr. REID. I will be happy to yield to the Senator from Massachussetts some time. I am sure Senator BYRD will give it back to me.

Mr. KENNEDY. If I could have 15 minutes.

Mr. SIMON. I feel the same. Whatever the time the Senator from Massachusetts needs.

The ACTING PRESIDENT pro tempore. Who is yielding to the Senator from Massachusetts?

Mr. REID. Will Senator BYRD give Senator KENNEDY 15 minutes?

Mr. BYRD. Madam President, as a former Boy Scout, I would consider it to be my good deed for the day to yield to Senator KENNEDY 20 minutes.

Mr. KENNEDY. Madam President, I oppose the balanced budget constitutional amendment. I support the goal of a balanced budget, but it is wrong for Congress to tamper with the Constitution to achieve it.

Congress and the Clinton administration have made remarkably good progress in reducing the deficit in the past year. Last August, we enacted the most significant deficit reduction ever—$500 billion over the next 5 years.

We are succeeding where the past two Republican administrations have failed. The deficit is coming down. The economy is heading up. There is no need to take the extreme step of amending the Constitution to achieve our economic goals.

It does not take a constitutional amendment to reduce the Federal deficit or balance the Federal budget. All it takes is enough courage by Congress and the administration to make the tough decisions we are elected to make. If we are not willing to balance the budget, the Constitution cannot do it for us.

Amending the Constitution could well make all our economic problems worse. Writing this kind of straitjacket into the Nation's founding charter could jeopardize our economy, diminish the Constitution, distort its system of checks and balances, and undermine the principle of majority rule that is at the core of our democracy.

The amendment is unsound and unwise economic policy, because it would require a balanced budget each and every year, regardless of the condition of the economy, unless three-fifths of the Senate and House vote to approve a specific deficit.

In the Great Depression of the 1930's, nearly one-fourth of our citizens were out of work. It is no accident that this country has not suffered a depression like that since then. The ability to cut taxes or increase spending during recessionary times, even though it means an increase in the deficit, has been a powerful tool to stabilize the economy, and we should not weaken it by amending the Constitution. When the economy slides into a recession, Government policies such as tax cuts, unemployment compensation, and jobs programs have provided the means to sustain families in need and to maintain demand for the goods and services produced by business.

The balanced budget constitutional amendment could well make these "countercyclical" Government tax and spending policies impossible. To a great extent, these policies go into effect automatically, to avoid even the delays inherent in the legislative process. When unemployment increases by 1 percent, the budget deficit increases by $50 billion because of decreased tax revenues and increased spending for benefits for unemployeed workers and their families. In recessionary times, the balanced budget constitutional amendment would require just the opposite—tax increases and spending cuts. It could turn painful recessions into catastrophic depressions, with dire consequences for the Nation.

Supporters of the amendment often make what they call a "common sense" argument that it would simply require the Federal Government to balance its budget in the same way that American families do. That argument is not common sense—it is nonsense.

Have the sponsors of this amendment ever heard of a home mortgage? If this amendment applied to families, it would require all homeowners to pay off their entire mortgage immediately, this year. You could not borrow to buy a home, or pay for college. I doubt that the sponsors of this amendment would vote to put any family into that kind of straitjacket, and they should not do it to the country either.

Most State constitutions permit deficit spending for long-term capital investments. But the balanced budget constitutional amendment would flatly prohibit prudent deficit spending for long-term investments or even to ease the effect of a recession, unless a deficit is agreed to by a three-fifths vote of the Senate and the House.

As Senator MOYNIHAN pointed out during the debate last week, President Roosevelt convinced narrow legislative majorities to accept deficit spending to finance the construction of warships during the 1930's, to ensure that America would have a Navy ready and able to fight Nazi Germany when war began. If the balanced budget constitutional amendment had been in place, those investments in our Nation's security would not have been made.

Today, by preventing expenditures to solve long-term problems, the balanced budget amendment would jeopardize the Nation's economic vitality, and make it more difficult to mobilize to protect national security.

The amendment is unsound as a matter of economic policy, and it is equally unsound as a matter of constitutional law. The true genius of the Framers who gathered in Philadelphia and wrote the Constitution 200 years ago is in the system of checks and balances that has preserved our democracy, allowed the Nation to flourish and protected our most fundamental rights and liberties for more than two centuries.

The balanced budget constitutional amendment says nothing about how it would be enforced; and the Judiciary Committee report is ominously silent on this important issue. But any fair reading of the amendment makes clear that it is fraught with dangerous possibilities.

A wide range of constitutional scholars have testified that the amendment inevitably gives the President broad powers to impound Federal funds to achieve the amendment's goal. Neither the language of the amendment nor the text of the Judiciary Committee report suggests any limit to this broad impoundment authority. The historic power of the purse that has served this country so well would be taken from Congress and given to the President.

The amendment would also undermine important principles of our Federal system by giving Congress and the President a strong additional incentive to place unfunded mandates on the States in order to avoid increasing the budget deficit.

The sponsors of this amendment are already among the strongest critics of unfunded mandates. Why would they vote to expand them? If this amendment passes, Members of future Congresses can say to themselves, "Why come up with the funds to pay for Federal benefits, and the three-fifths vote needed to appropriate those funds,

when a simple majority vote can mandate the States to provide them?"

The amendment would also give the courts a new and highly controversial role in resolving important and complex budget and economic disputes—disputes that unelected judges are ill-quipped and ill-suited to resolve.

Suppose a future President orders an across-the-board cut in Social Security payments to avoid a predicted deficit. A Social Security recipient would undoubtedly have legal standing to bring suit to challenge the cut, and argue that there was no budget deficit, and the President lacked the authority to make the cut.

A Federal district judge would be required to hold a trail to determine whether or not the Federal budget would be balanced for the year in question. The trial would no doubt involve many expert witnesses and take months or even years to complete. When it is over, the judge would issue an opinion as to the legality of the across-the-board cut. If the cut is found to be illegal, it could have profound economic consequences for the Nation.

If we adopt this constitutional amendment, cases of this kind will not be rare. Scores of them could occur every year. The Federal courts would be required to spend hundreds of hours, and millions of dollars, to resolve them.

In fact, under the language of the amendment as it is now pending before the Senate, the judges hearing those cases could order tax increases or spending cuts to remedy violations. Obviously, such orders from judges would profoundly alter the role of the courts in our constitutional system.

In seeking to avoid such results, the sponsors of the amendment have indicated their intent to add a provision offered by Senator DANFORTH to strip the Federal courts of any authority to remedy violations of the amendment, except by issuing declaratory judgments.

The proposed modification would create a new double standard for constitutional violations. The Federal courts would retain their traditional authority to remedy violations of all other provisions of the Constitution. But when a President or Congress violates the balanced budget amendment, a Federal court would be powerless to do anything but declare that a violation exists. The modification would turn the balanced budget amendment into the first toothless amendment the Constitution has ever had.

Finally, the proposed amendment would undermine the principle of majority rule that is at the core of our constitutional democracy. In the Federalist Papers, James Madison rejected the idea of requiring super-majorities to pass legislation. To do so, he wrote, would mean that "the fundamental principle of free government would be reversed."

The balanced budget amendment would do just that—substitute minority rule for majority rule.

Forty-one percent—a minority—of the membership in the Senate or the House could block a measure the majority felt was needed to protect the economy. If you like filibusters, if you like gridlock, you will love the balanced budget constitutional amendment.

I fully support the goal of balancing the Federal budget. But today's budget deficits are the bitter fruit of 12 years of "buy-now-pay-never" budgets from past Republican administrations. Supply-side economics was an experiment that failed.

After 12 years of these reckless measures, we finally have a President ready, willing and able to take the difficult steps necessary to deal with the budget deficit.

President Clinton has provided impressive leadership. Last year, Congress passed a $500 billion deficit reduction package, which has resulted in low interest rates and a recovering economy. As a result, we will have declining deficits for 3 years in a row, for the first time since President Harry Truman was in the White House.

It is ironic—but predictable—that so many Republicans who opposed that deficit reduction plan last year are now seeking cover by supporting a balanced budget constitutional amendment. They are for a balanced budget in the abstract, but they voted "no" when the time came to act.

Controlling spiralling health care costs is the next essential step in reducing the budget deficit. Here again, President Clinton is providing real leadership that will result in real deficit reduction. And here again, it is Republicans who are raising objections and complaining that the cost controls in the President's plan are too strong.

Obviously, it will take additional steps in deficit reduction to achieve a balanced budget by the end of this century. But not one of the proponents of a constitutional amendment have offered a serious proposal to achieve that result. It is no wonder that the sponsors of the amendment do not want it to take effect until the year 2001. "Gone With the Wind"—I will worry about it tomorrow, they say. And tomorrow is the next century.

The fault is not in the Constitution. Let us rededicate ourselves to achieving lasting economic prosperity for the Nation in ways that count, and spend no more time debating gimmicks that have no place in the Constitution.

Finally, I commend the chairman of the Appropriations Committee, Senator BYRD, for the extraordinary leadership he has provided in building a solid case against the balanced budget amendment and demonstrating its many economic and constitutional flaws.

Senator BYRD cares deeply about the Constitution and the country and the legacy that we will leave to our children and grandchildren. His dedicated efforts to preserve, protect and defend the Constitution against this unwise and mischievous proposal deserve the gratitude of every American. He is truly a profile in courage for the Constitution and the country.

In sum, the balanced budget constitutional amendment will not cut the deficit by a single dollar. It will endanger the economy, distort the constitutional system of checks and balances, and substitute gridlock-by-minority for government by majority. And it should not pass.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. REID. Madam President, I yield 10 minutes to the Senator from California [Mrs. BOXER].

The ACTING PRESIDENT pro tempore. The Senator may be recognized when she is removed from the chair.

The PRESIDING OFFICER (Mr. REID). The Senator from California is recognized.

Mrs. BOXER. Thank you very much, Mr. President.

I plan to vote in favor of the Reid balanced budget amendment and against the Simon version.

When I was elected to the U.S. Senate about a year ago, I pledged to make my primary focus economic recovery for my State. Economic recovery that is steady, strong and consistent. Economic recovery that builds a solid base for California's future

That economic recovery can only move forward if we have real deficit reduction; low-interest rates that stimulate private investment in business and homes; public sector investment in education, economic conversion, and the information highway; expanded trade opportunities; health care reform; and Federal reimbursement to the States for such costs as immigration.

We are on course with this President and this Congress.

Last year we enacted a $500 billion deficit reduction plan that will bring down the deficit from 4.9 percent of gross domestic product in 1992 to 2.3 percent of gross domestic product in 1998.

Mr. President, I well remember the prediction of doom on the other side of the aisle when we debated the President's deficit reduction plan. We did not get one vote of support from Members on the other side of the aisle. We did not get one vote for a plan that is producing real deficit reduction, meaningful deficit reduction. A plan that is having a positive impact on our economy.

Roughly 1.6 million jobs were created over the past year, more jobs than were created during George Bush's 4 years in office.

Real GDP is expected to grow at a steady annual rate of nearly 3 percent.

Inflation is low. And, inflation is a very cruel tax indeed. It rose at a rate of only 2.7 percent last year, which was the smallest annual rise in 7 years.

The 30-year mortgage rate dropped from 8.22 to 7.09 percent over the last year. And, 5.4 million American homeowners refinanced their mortgages, putting money in their pockets.

This is surely a strong start. My home State is still lagging. We got hit harder by this recession, and the impact of reducing the military budget is felt worst in our State. But I say: We are on the right track, and I believe California will join in this economic recovery, as long as we are smart and we do not do things that will take us off course.

I believe Senator SIMON's version of the balanced budget amendment would, in fact, divert us from this economic recovery.

Now, I know there are philosophical arguments on whether any constitutional amendment on a balanced budget is consistent with our constitutional heritage, and I respect those who argue this point.

But, I want to address the economic consequences of the Simon amendment, consequences which will affect real people with real problems, consequences which simply can and should not be ignored, consequences which will impact virtually all Americans.

A study by the Wharton Econometrics forecasting group, the leading economic forecasters in this Nation, found that, with Senator SIMON's balanced budget amendment: California would lose over 712,000 jobs by the year 2003; and, personal income in California would drop by 12 percent over the next 10 years. The Treasury Department found that the Simon amendment would cost California between $21 billion and $24 billion a year.

The prospects for the Nation's economy are just as serious. Wharton Econometrics found that, with the Simon budget amendment: 6.4 million jobs would be destroyed by the year 2003; the Nation's economic output would drop sharply; taxes would have to rise to record levels; State and local government services would be severely constrained; and, income would drop in the country by roughly $479 billion by 2003.

And, what about Federal assistance after an earthquake or a flood or a hurricane? The Simon amendment would require a supermajority vote for disaster aid approval, which could mean either no aid or delayed aid for those suffering after a natural disaster. Talk about tyranny of a minority.

The Simon amendment makes no distinction between a capital budget and the operating budget, a distinction that is crucial in meeting the needs of a community after an emergency. A capital budget could be used to pay for important disaster aid.

And, what about bad economic times? Lord knows, we have lived through those. The deficit increases automatically whenever the economy weakens. Senator Simon's amendment would force Congress to raise taxes and cut expenditures when the economy is already weak or in a recession—exactly the opposite of what is needed for a weak economy.

And, what about Social Security? It will be in jeopardy under the Simon amendment.

I do not believe this is the course to follow.

In contrast, the Reid amendment addresses many of my concerns.

The Reid amendment excludes Social Security from the balanced budget amendment. This will prevent the Government from destroying a program that has lifted our senior citizens out of the poorhouse. Many people are too young to remember, but we certainly never want to go back to those days. This is a program that pays for itself. Social Security would be put on a chopping board with the Simon amendment, and I think that is wrong.

The Reid amendment allows capital investments to be excluded from the supermajority vote. Most States with balanced budget requirements have separate capital and operating budgets. Many States finance capital projects, such as roads and bridges and airports, outside their operating budgets. I think that makes sense. We must be able to finance certain investments that will make our Nation strong and secure and competitive in the future.

The Reid amendment also allows greater flexibility in times of economic downturn. It gives us the power to help stimulate the economy and job creation in times of slow economic growth.

Mr. President, I know this has been a long and difficult debate. I feel very strongly that this Congress and this President have taken real steps to lower the deficit; not phony steps, not steps for the year 2002 or 2001 or 1999, but real steps. And we are seeing the rewards in terms of a stronger economy.

I believe that the Reid amendment takes all the objections that I have laid before this body and meets them head on. That is why I will vote for the Reid amendment and I will very clearly and strongly oppose the Simon amendment

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Chair, in his capacity as a Senator from the State of Nevada, suggests the absence of a quorum, and asks unanimous consent that the time be divided equally.

Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SIMON. Madam President, let me respond just very briefly to my friend and colleague, Senator KENNEDY, in his brief remarks.

When he says this will result in the President having authority to impound, there is not one word in this amendment that gives the President any additional authority. The only thing we say to the President is, you have to submit a balanced budget when you submit a budget. So that simply is not accurate.

Second, when he suggests that we are saying to States, we are going to give you all kinds of unfunded mandates, we do a lot of that right now, as you know, Madam President. I am a cosponsor of a bill that would say, when we give these mandates, we have to give the finances with them. But there is nothing to stop us from doing that right now.

In terms of the amendment being toothless, we are being criticized on both sides: That it is toothless and that it is too tough. When we say to raise the debt you have to have a three-fifths majority, that is teeth. That is tough, and it has to be tough. It is not toothless.

In terms of moving away from majority rule, James Madison warned about majoritarian abuses. I think we have clearly, for 25 years, spent more than we have taken in. That is an abuse of future generations, as well as ourselves, by the majority.

The average American income, family income, today is $35,000. The study that was released by the Concord Coalition says the average American family income today would be $50,000, but for the deficits that we have piled up. That is an abuse.

In the Constitution there are eight different instances where you have an exception to majority rule, plus, the Bill of Rights is clearly a place where we say we are not going to let the majority do things.

Alexander Hamilton originally opposed the Bill of Rights because he said it was taking power away from the majority. It does. But when there is a potential for abuse, we take away certain powers.

So long as we have a balanced budget, there is a majority rule here. When you have a situation where you have a deficit, that will require 60 votes.

But we have, since 1962, on 11 different occasions, passed in this body stimulus packages to respond to recession, each time passed by more than 60 votes. We can do it, but it does stop some of the abuses.

Senator KENNEDY mentioned we have had declining deficits 3 years in a row. That is correct. And to the credit of

President Clinton and the Members who voted for that, that is happening. But then they start back up again.

Two other points: One is the Senator says that this does not take effect until the year 2001. That is correct. We have to get on a glide path.

But I know if this passes, the Senator from California, Senator BOXER, the Senator West Virginia, Senator BYRD, and all the rest of us will start work immediately to make sure we get on that glide path.

The arguments against it are precisely the same arguments we heard in 1986. In 1986, the deficit was $2 trillion. Now it is $4.5 trillion. If we do not pass it this time, this is not going to die. The deficit will keep piling up and we are going to hear the same arguments as the deficit piles up, as we get closer and closer to the edge of the cliff in terms of policy.

Two points were not mentioned by my colleague from Massachusetts.

I regret I was not on the floor when the Senator from California spoke. Perhaps she did mention these. But two things were not mentioned.

One is, as you project, as you take OMB's statistics from the budget books they gave us, no nation has gone that far in terms of debt-and-debt service without monetizing the debt, without just printing money, without having hyperinflation. We can take a chance that we can be the first Nation in history to do that, but we are taking a huge risk. I suggest we do not take that risk. It is not prudent to take that risk.

Second, the question of foreign debts was not mentioned. Seventeen percent of our debt is now held by foreign governments or foreign individuals. That is the publicly held debt. In addition to the publicly held debt, there are those, I think largely because of laws in their own countries, that do not want it publicly known. We do not know what that figure is. But at some point, a prudent international banker is going to say, "I ought to put my money somewhere else."

Lester Thurow, one of our great economists, says the question is not if they are going to do that, the question is when they are going to do that. We have to take a look at that. So, with due respect, I differ with my colleague from Massachusetts.

I would like to, finally, quote from a letter of Thomas Jefferson. This is in 1816, 10 years before he died, after he had been President. We have had a number of Jefferson letters inserted in the RECORD. Here he says:

> Private fortunes are destroyed by public as well as private extravagance. And this is the tendency of all human governments. A departure from principle becomes a precedent for a second; that second for a third, and so on * * *.

That is exactly the path we have followed, that Thomas Jefferson talked about here in this letter of 1816.

I hope we do the right thing. I hope we reject the Reid amendment and adopt the Simon amendment.

Mr. BYRD addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. BYRD. Madam President, on yesterday I spoke about the history of our English forebears and about the various parallels that exist between our own written Constitution and the unwritten English constitution. There are those who undoubtedly feel that it is superfluous to talk about history, especially the history of England or the history of the Romans, in connection with the amendment that is going to be voted on toward the end of this day.

First, let me say that I respect my colleague from Nevada, Mr. REID, and those who are supporting his amendment. The Senator from Nevada is seeking to cure some of the many ills with which our Nation would be inflicted in the event that the Simon amendment, God forbid, ever becomes a part of our Constitution. I applaud Senator REID and others for their efforts.

But try as they may, there is no way to cure the ills imbedded in the Simon amendment. It is like a hydraheaded monster: Chop off one head, another head appears. Therefore, I shall direct my brief remarks toward the Simon amendment.

The history of England is, indeed, germane to this debate, as is the history of the Romans. Montesquieu knew that. That is why Montesquieu wrote a history of the Romans. The two things that had the greatest influence on the shaping of Montesquieu's political philosophy and political system were the history of the Romans and the history of the English institutions. The Founding Fathers, the Framers of our own Constitution, were greatly influenced by Montesquieu and his political system of separation of powers, and checks and balances. It is important, therefore, that those histories be studied.

Let me just briefly call attention, again, to some of the parallels that exist in both the English and the American Constitutions. After all, we must remember that our Colonies adopted the British model, with some adjustments made for local conditions and social forces that were existing at the time of the Colonies, and certain adjustments to include republican principles.

Our constitutional framers leaned upon the experience of the Colonial governments which had reflected the bicameralism of the British model, which, when transferred to the Colonies, took the form of Houses of Representatives elected by the people, and upper councils, the members of which were appointed by the Royal Governors.

Section 2 of Article I of the Constitution provides for a House of Representatives. Section 3 of Article I provides for a Senate which, at the time that the Constitution was framed, would be made up of individuals selected by the State legislatures. Hence, the principle of bicameralism came down to us from the English archetype, Article I, section 1, stating that:

> All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Also, in section 2 of Article I, we note that:

> No person shall be a Representative who shall not * * * when elected, be an inhabitant of that State in which he shall be chosen.

Article I, section 3, states that:

> No person shall be a Senator who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

These provisions, too, have roots in the Middle Ages when kings sought to pack the Parliaments. The sheriffs would announce as their nominees, knights who had not been chosen in the shires which they were supposed to represent, but who were chosen outside the counties which they were to represent. But, in 1413, the last year of Henry IV's reign, and again in 1430 and in 1445, legislation was enacted to require that the members of Commons should reside in the counties, the shires, the cities, the boroughs which they represented.

Section 2 of Article I, provides that:

> The House of Representatives shall chuse their Speaker and other Officers * * *.

This is taken from the British model. The British Commons chose their first Speaker, Thomas Hungerford, in the year 1377, during the rule of Edward III.

Section 3 of Article I says that:

> The Senate shall have the sole power to try all impeachments.

And section 2 says that:

> The House of Representatives shall * * * have the sole power of impeachment.

Does the United States Constitution follow the British model in this respect? Yes. The first impeachment under the English constitution occurred in 1376, in what was called the "Good Parliament," during the reign of Edward III. Richard Lyons, a customs officer and merchant, and other officers were impeached for abusing their offices.

Then in 1621, when Parliament met, after having not met for 7 years, going back to 1614, Sir Edward Coke, who was at that time a Member of the House of Commons, brought about the impeachment of his old enemy, Lord Chancellor Francis Bacon. Bacon admitted to having taken bribes, and he was sent to the tower. He was not executed but, nevertheless, he could never hold any office under the government from that time forward.

So we see that Article I, sections 2 and 3 provide for impeachment and

trial, and, again, after the British model, impeachment to be brought in the House of Commons; in our system in the House of Representatives; and trial under the English system by the House of Lords, and, in our system, by the United States Senate.

Section 4 of our own Constitution says that:

The Congress shall assemble at least once in every Year * * *.

Now, this was extremely important because the kings called Parliament into session only when the kings needed money. When they could not borrow from the kings of France or Spain, or raise necessary funds through non-parliamentary means, they had to resort to calling Parliament into session. When they were forced to ask Parliament for grants, the members would demand concessions before providing the necessary funds. This was the power of the purse at work.

For 7 years, from 1614 to 1621, Parliament was not in session. James I refused to convene Parliament. From 1629 to 1640, Parliament was not in session because Charles I would not convene Parliament. Parliament never met for 11 years. Charles I badly needed money grants, and finally was driven to call Parliament into session. He was encouraged to do so by Sir Thomas Wentworth—"Black Tom Tyrant"—who was the Lord Deputy of Ireland and who was ruthless in his policies. Wentworth believed in despotic government, and advised Charles I to call Parliament into session because the Scots had overrun the northern counties of England. Sir Thomas Wentworth, who was made the Earl of Strafford by Charles I, told the King that it was popular to be against the Scots—the English being anti-Scottish—and that Charles would be applauded if he called Parliament back into session, secured money grants and bought the Scots out of England. The Scots were costing England 850 pounds a day but the Scots refused to get out of the northern counties until an agreement could be reached with Parliament to meet their demands.

Therefore, the English kings had to call Parliament into session when they needed money. But when they could make do without grants, they prorogued Parliament, or dismissed it or dissolved Parliament. That was a major problem: the Kings avoided having Parliament meet often.

Finally, when the English Bill of Rights was made into a statute on December 16, 1689, that document, the English Bill of Rights provided that Parliament should meet often. This allowed Members to debate their grievances, and to use the power of the purse to obtain a redress of those grievances. Therefore, we find that in our own Constitution, section 4 of Article I provides:

The Congress shall assemble at least once in every year * * *.

Section 5, Article I of the U.S. Constitution provides that:

Each House shall be the Judge of the Elections, Returns, and Qualifications of its own Member * * *.

During the reign of James I, in 1604, there was a contested election between Sir Francis Goodwin and Sir John Fortescue. The King favored Fortescue, but the Commons insisted upon judging the election. Commons won.

After a long dispute, James I acceded to the right of Commons, to judge the elections, returns, and qualifications of its own Members, and that right was never again challenged.

In Article I, section 6, we find that "in all cases, except Treason, Felony and Breach of the Peace" Senators and Representatives shall "be privileged from Arrest during their Attendance at the Session of their respective Houses, and in going to and returning from the same * * *."

Freedom from arrest. This was a right accorded to Members of the Witenagemote, as far back as Ethelberht, the first Christian King of Kent, one of the Anglo-Saxon kingdoms, who lived from 560 to 616. So, this right goes back all the way to the 6th century. He provided that no person should be put in danger when that person had been commanded to attend a meeting of the Witenagemote.

King Cnut, who reigned from 1016 to 1035, had the same rule. He provided protection against arrest of any Members who were commanded to attend meetings of the Witenagemote.

Sir Thomas Shirley was imprisoned for debt in 1604. The House of Commons insisted that King James I had no right to collect forced loans. Thomas Shirley had been imprisoned because he refused to pay the forced loan demanded by the King. Commons won this battle also. James I reluctantly accepted the House of Commons' decision upholding Shirley's claim of freedom from arrest.

Also Article I, section 6, the U.S. Constitution, provides that Members of both Houses shall be protected in the freedom of speech and debate and "for any Speech or Debate in either House, they shall not be questioned in any other Place."

Henry IV, who reigned from 1399 to 1413, acknowledged the right of Commons to debate freely, and, in 1407, he proclaimed that the Lords and Commons had this right, which was finally confirmed by the English Bill of Rights in 1689 which declared that: "Freedom of speech, debates, and proceedings in Parliament ought not to be questioned in any place out of Parliament."

Section 6 also provides that "no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office." And the English had that problem, too, when the kings sought to pack Commons with their favorites.

The Act of Settlement of 1701 provided that no person who had an office or place of profit under the King or received a pension from the crown was capable of serving as a member of the House of Commons.

Article I, section 7, provides:

All Bills for raising Revenue shall originate in the House of Representatives.

That provision has its roots in the Middle Ages. Henry IV made a solemn declaration before a joint session of both Houses in 1407, in which he laid down the principle that in the future, grants would be made by the Commons and assented to by the House of Lords.

That right was violated from time to time, but finally in 1677, under Charles II, the Commons passed a historical resolution declaring that all supplies and aids to the King "ought to begin with the Commons" and that it was the sole right of the Commons to direct, limit, and appoint in such bills the purposes, conditions, limitations, and qualifications of such grants; which ought not to be changed or altered by the Lords.

As the years went by, the Commons were more and more insistent on the origination in the House of Representatives of revenue bills.

Article I, section 7, also provides that:

Every bill which shall have passed the House of Representatives and the Senate, shall, before it becomes a Law, be presented to the President of the United States; if he approve he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated * * *.

Early on, the King and the Privy Council issued ordinances which had the effect of law. Then as the Knights and Burgesses during the time of Edward I—who ruled between the years 1272 to 1307—were included in the Parliament, the Knights, and Burgesses insisted on providing petitions to the King requesting this or that law. The King would consider the petitions with his Privy Council, and the King and the Privy Council might or might not convert such petitions into statutes. Sometimes the King and Council would change the details from those prescribed in the petition, and the resulting statute might be very different from the original petition.

Then by the reign of Henry IV, bills were being substituted for petitions. So that when Parliament passed a bill, it contained within its four corners the exact statute that Parliament wanted. The King and his Privy Council could no longer change that. The statute was already in the bill. The King could accept or reject the bill in its entirety, but he could not alter or change any of its details.

Therefore, we find that in our own Constitution, Article I, section 7, bills that pass the House of Representatives and the Senate are presented to the President for his signature. He has to sign them or reject them in their entirety. He does not have a line-item

veto. Our Framers were wise in copying from the experience of the English.

Section 8. The Congress shall have power to lay and collect taxes.

That was a power that Parliament insisted upon. The Danegeld was a land tax which was approved by the Witenagemote under Ethelred the Unready, Ethelred II, who reigned from 978 to 1016. The Magna Carta provided that taxes should only be levied by common counsel of the Kingdom. And as the years went by, Parliament insisted upon that right. Therefore, we have hundreds of years of English history in which the Parliament insisted that grants could only be made, and taxes could only be levied by act of Parliament.

Finally, that, too, was nailed down by the English Bill of Rights in 1689 which said that there would be no levying of money except by the grant of Parliament. It was never again a matter of question.

Article I, section 8, of the U.S. Constitution references the raising and support of armies "but no appropriation of money to that use shall be for a longer term than 2 years."

The late 1700's, Parliament provided that appropriations or expenditures for the army had to be renewed annually. Consequently, our Framers copied after the English experience.

Article I, section 9, provides that, The Privilege of the Writ of Habeas Corpus shall not be suspended * * *.

The Habeas Corpus Act was passed in England in the year 1679. It provided that no British subject could be imprisoned without being brought to a speedy trial.

Article I, section 9, also provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

This, again, is rooted in the antiquity of the English experience.

The power of the purse was wrested from the English monarchs and vested in the Parliament.

Article III, section 1 of the Constitution says, in part, "The judges, both of the supreme and inferior courts, shall hold their offices during good behavior."

In the Settlement Act of 1701 it was provided that judges would no longer serve at the pleasure of the King, but they could be removed only for ill behavior, and that had to be proved in both houses of Parliament. So we have the same thing in our Constitution. Judges shall hold their offices during good behavior.

Finally, let us take a brief look at the amendments, and I shall not detain the Senate long. I will only touch on one or two of these amendments. I shall mention especially the due process in the fifth amendment.

The Magna Carta was the foundation for this phrase "due process." There were 63 clauses in the Magna Carta, and in clause No. 39 it was provided that no free man would be imprisoned, banished, exiled, dispossessed of any of his property, or in any way have his standing injured except by the judgment of his peers and—get this—according to the law of the land. The law of the land. The law of the land. That was a magic phrase, used time and again in the English constitution throughout its development.

That phrase, "the law of the land," became our own phrase, "due process," in the fifth amendment to our own Constitution.

Finally, amendments VI and VII of our own Constitution deal with trial by jury in criminal cases and in civil cases. The English Bill of Rights provided for trial by jury. Of course, the roots of that right go all the way back to William I, who brought from the continent the sworn inquiry. Henry I who ruled from 1100 to 1135 and, Henry II from 1154 to 1189, developed this instrument, the jury trial, which likewise had continental origins.

Finally, I will just touch upon the eighth amendment: "Excessive bail shall not be required nor excessive fines imposed." Again, the English Bill of Rights in 1689 provided against excessive fines and excessive bails.

So here we are. Let me sum it up by saying that in instance after instance, clause after clause, phrase after phrase of our own Constitution were adapted from the experience in the English Constitution.

Therefore, it is important that we consider the English history; we should not just consider the history of our own Constitution from the time it was written. We should also consider the roots of that Constitution, and the roots of the power of the purse.

In my discussions concerning the history of the Romans last year, we found that when the Roman Senate gave up its power over the purse—and it had complete control over the purse—when it gave up that power over the purse to the dictators and to the emperors, it gave away its power to check the emperors, to check the dictators, to check the executive.

We should not just consider our Constitution from the year of its writing, in 1787, up to the present time as being in a vacuum. We must study the English roots of the Constitution. We must know why these phrases are in the Constitution. We must know from where they came. What was the history? What were the historical events that generated them? We have to realize that our English brethren gave their blood, often at the point of the sword, for these rights. They executed a king, Charles I of England, for being a traitor, a murderer, a tyrant, and public enemy to the good people of England. They executed Charles I on January 30, 1649.

These are matters that are serious. They ought to be considered. We must not forget the roots from which this priceless jewel, the Constitution of the United States, came.

I implore Senators not to vote for an amendment that will destroy that Constitution, destroy the separation of the powers, destroy the checks and balances, and shift away from the Congress the power of the purse, which is the central pillar of the Constitution that protects the liberties and freedoms of all Americans.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. (Mrs. FEINSTEIN). The Senator from Utah.

Mr. HATCH. I yield 7 minutes to the Senator from Texas.

Mr. REID. Parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator yield for an inquiry?

Mr. HATCH. Yes. I would be happy to yield for an inquiry.

Mr. REID. If I could ask my friends who are managing this legislation, we all have a number of Senators who wish to speak. I am wondering if we could, to make it easier for everyone, kind of arrange the time a little bit.

Mr. HATCH. Why do we not work out a list? Why do we not move to Senator HUTCHISON?

Mr. REID. She will speak how long?

Mr. HATCH. Seven minutes.

Mr. SIMON. I have indicated to Senator EXON that I will yield to him next.

The PRESIDING OFFICER. The Senator from Texas [Mrs. HUTCHISON] is recognized for 7 minutes.

Mrs. HUTCHISON. Thank you, Madam President. I thank Senator HATCH.

Madam President, I rise today to add my voice to those who are calling for a balanced budget amendment. I want to compliment the senior Senators from Illinois and Utah, Mr. SIMON and Mr. HATCH, for their fine work on this very important legislation. Without their courage and leadership, we would not be close to enacting mandatory fiscal responsibility.

You may have seen the editorial cartoon reprinted in Saturday's Washington Post showing the famous bow tie of the senior Senator from Illinois. It shows what might be called the "bow tie argument," that a balanced budget will squeeze too tight.

The opponents of the amendment are saying that we cannot have a balanced budget because we cannot balance the budget. If there was ever an inside-the-beltway policy argument, that is it. Imagine the Framers of our Constitution adopting such a view. We would not have the fifth amendment which says that private property shall not be taken for public use without just compensation.

Of course, the Framers knew that public funds were limited. Some had struggled with financing the Revolutionary War and the Government under

the Articles of Confederation. But as the first stewards of our country, they put the Government on a pay-as-you-go basis. They did not write, "The Government will not pay citizens for seized property because it will not have the money—so it may seize private property without paying for it."

The Framers believed in a limited Federal Government. And I do not think they would view our grandchildren's pocketbooks as open to seizure.

If we are going to hear more vague claims against the amendment in order to protect the Constitution, I want them to include the respect for all of the Constitution, including protection of private property, freedom from excessive Government intrusion into daily lives. I do not believe we are protecting the Constitution by continuing to add to a $4 trillion debt.

We have heard objections that the contractionary economic policy of a balanced budget will bring on the next Great Depression. Cutting Federal spending and freeing up capital for private investment will not bring a depression. But interest payments swallowing up the Federal budget will.

Herbert Hoover probably saw this coming when he said, "Blessed are the young, for they shall inherit the national debt."

The balanced budget amendment does not strictly require a balanced budget. It requires that spending not exceed revenue unless three-fifths of each House votes to permit a deficit. The amendment only tilts the playing field back in favor of a balanced budget. Obviously, the playing field is not level now or we would not have over $4 trillion in gross Federal debt and almost $300 billion a year in gross interest payments.

Of course, balancing the budget will not be easy. But what is the opponents' alternative? Increasing the Federal deficit?

It does not give me any comfort to know that our deficit for 1995 is less than expected, mostly because of higher taxes and lower-than-expected savings and loan bailout costs. Unless we take action now, the deficit and debt will continue to grow.

The plan I support to balance the budget is the First Act, also known as Putting Families First. Under the First Act, we can save $542 billion over 5 years by limiting the annual growth in Federal spending to 2 percent a year. The budget can be balanced by the year 2001, and we can provide tax relief for American families with children, including a tax credit of $500 per child; incentives for private savings and investment, including expanded IRA's and IRA equity for homemakers, and lower taxes on capital gains; and a repeal of the retirement earnings test for older Americans on Social Security.

These are not across-the-board spending cuts. They are discretionary reductions in future spending increases. To meet the 2 percent ceiling in growth in Federal spending, the cuts would be determined by a commission, as proposed by Senator MACK —a spending reduction commission. Then Congress would have to vote up or down on their recommendation, like we do on the Base Closing Commission.

Madam President, there is a plan. It will balance the budget; it will take money out of Washington and put it back into the pocketbooks of American families; it will increase the savings rate and reduce the tax rate on investments. The First Act will increase private investment in business, create jobs that increase economic growth, and increase tax revenues. No scary-sounding cuts in dollars inflated to the year 2000 will be necessary—just cuts in increases in future spending. All we must do is stop acting as politicians with short-term goals and act as the Framers did, as statesmen protecting the future of our country.

In closing, I want to encourage all of my colleagues to think carefully before they vote today. Before voting, think of the heroes of the Alamo that have been mentioned here before on the floor. Senator SIMON, there really was a back door at the Alamo. The back door was a line drawn in the sand. Colonel William Barret Travis drew the line in the sand before the battle, and he asked all those who wanted to stay and fight to cross the line. They had the chance to leave. All but one of the 184 men crossed that line, and the one, Jim Bowie, said, "Carry my stretcher across that line."

So that band of 184 men crossed the line to stay and fight 6,000 soldiers coming to the Alamo under Santa Anna. Those brave men voluntarily closed the door to protect the independence of Texans for generations to come.

The Congress of the United States today has the opportunity to voluntarily close that back door and protect the future of generations of Americans to come. Thank you.

I yield the floor.

Mr. HATCH. Madam President, I thank the distinguished Senator from Texas for her cogent remarks.

The managers of the bill—the three of us—have gotten together to try to get a list of speakers in order, so everybody will know when their turn is. If I could recite that order, I think it will help everybody to get here on time and to take their place.

Senator REID would like 1 minute at this time. Then Senator THURMOND will have 8 minutes. Then there will be Senator EXON, Senator COHEN, Senator SASSER, Senator BURNS, Senator FORD, Senator KEMPTHORNE, Senator ROBB, and Senator COVERDELL. That is as far as we got.

Mr. REID. Madam President, if I can suggest to my friend from Utah, I think it would be well that he list the amount of time and who is yielding in case we get out of whack with the time.

Mr. HATCH. I am not sure what the time is. Senator THURMOND, 8 minutes. Senator EXON has 10 minutes. Senator THURMOND will be yielded time by me. Senator EXON's time will be yielded by Senator SIMON. Senator COHEN has 10 minutes from me. Senator SASSER needs how much time?

Mr. REID. I will yield him 20 minutes.

Mr. HATCH. Senator BURNS gets 10 minutes from me. Senator FORD has how much time?

Mr. REID. Ten minutes.

Mr. HATCH. Senator KEMPTHORNE has 5 minutes from me or Senator SIMON; Senator ROBB, 5 minutes; and Senator COVERDELL 5 minutes, from either Senator SIMON or me.

Mr. SIMON. Madam President, this is just for the convenience of Members; this is not a unanimous-consent request. We reserve the right to have some flexibility in this.

Mr. REID. Madam President, I ask unanimous consent that the remaining time of Senator BYRD be yielded to me. I ask that with the consent of Senator BYRD.

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

Mr. REID. The reason I wish to stand at this time is to spread across the RECORD in this Congress and for the American public and future generations, something that is unique that we just heard. I am an attorney. I went to law school, practiced law, had dozens of jury trials. I have a son that is an attorney, and I have another son going to law school at Stanford University. I did not have—and I am sure my sons did not, even though they went to fine law schools—a lesson on what the Constitution is really about, such as the one provided by the President pro tempore of this Senate.

This morning, he went through article by article of that Constitution, and he gave us the reason it is in our Constitution, and the history of why it is in our Constitution. I, frankly, wish that I had someone spend an hour with me before I went to law school so it would have made studying the Constitution much more meaningful. I am going to send a copy of the remarks of the President pro tempore of the Senate to my son, the practicing lawyer, and to my son, who is in one of the finest law schools in the world, Stanford University, because no matter how fine the professors are at Stanford, they could not have a better lesson on the Constitution than the one we have just heard this morning.

Mr. HATCH. Madam President, I yield 8 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Madam President, I rise today in opposition to the sub-

stitute amendment offered by Senator REID which we will vote on today at 3 p.m.

The language of the substitute amendment has been referred to as a figleaf, a spurious attempt to provide political cover for those who believe they should vote to support a constitutional amendment to balance the budget but fear its consequences. I do not question the sincerity or motivation of Senators who have spoken in favor of the Reid substitute amendment. However, it is clear that the substitute amendment is rife with loopholes which swallow the mandate of achieving a balanced budget.

Over the years, proponents of an effective balanced budget amendment have carefully crafted language to address the concerns of constitutional scholars, economists, and others across the Nation. The language contained in Senate Joint Resolution 41 is a result of many hearings, debates, and thoughtful discussion to constitutionally restrain congressional spending in an effective manner. Included in our proposal is a practical safety valve which would allow the Congress, when necessary, to engage in deficit spending by a three-fifths vote or during military conflict.

By contrast, the language of the Reid amendment has appeared within the last few days without the benefit of any hearings or meaningful discourse beyond the Senate floor. The Reid amendment would exclude capital expenditures from being considered as outlays by the Federal Government under the mandate of a balanced budget amendment. There is no consensus as to what should or should not be included as part of a capital budget. It strikes me as inappropriate to place such an ambiguous concept as capital budgeting in the Constitution as a narrow policy decision.

If the Reid amendment becomes part of the Constitution, I predict that there would be a great push to redefine many Federal programs from noncapital spending items to place them in the capital budget. Under this scenario, by manipulating the capital budget, we could face even larger deficits than we have today. This loophole in the Reid amendment would render a balanced budget amendment meaningless.

Further, the Reid amendment would suspend the dictates of a balanced budget amendment any time the Director of the Congressional Budget Office estimates that real economic growth has been or will be less than 1 percent for two consecutive quarters. Madam President, this is an enormous amount of power the Congress would be shifting to the CBO Director. Just imagine, under the Reid amendment, the Director of the CBO—who serves at the pleasure of the majority leader and Speaker of the House—would have the power through his estimates on economic growth to suspend, nullify, and to eliminate the mandate of a constitutional amendment.

I do not believe that the Founding Fathers envisioned, nor would the American people accept, such an arrangement whereby a Government official could derail the mandate of a constitutional amendment. On the other hand, our proposed constitutional amendment, Senate Joint Resolution 41, allows the Congress by a three-fifths vote to exercise reasoned judgment as to the necessity for engaging in deficit spending. Under Senate Joint Resolution 41, we could rely on the CBO estimates of economic growth but it need not be the only factor to consider when making a decision on deficit spending.

Madam President, I will vote against the Reid amendment because in my opinion it will fall short of our goal to achieve and maintain balanced budgets. The Federal Government has posted deficits in 56 of the last 64 years, balancing the budget only eight times in 64 years. I repeat only eight times in 64 years. This Nation is $4.2 trillion in debt and deficits continue to loom on the horizon unchecked and without any restraint. The national debt will continue to rise and there is no assurance when we will ever begin paying off the principal on this debt. For the time being, we are merely servicing the debt by spending over $200 billion—I repeat over $200 billion—annually in interest payments. Perpetual deficit spending is a shameful reality and a disgraceful legacy which we are leaving to future generations.

I urge my colleagues to vote against the Reid amendment and instead vote for Senate Joint Resolution 41 which is the only truly effective proposal to constitutionally mandate balanced Federal budgets.

I repeat again: We have balanced this budget only one time in 31 years, only eight times in 64 years. How are we going to stop it? The Congress has not shown the willingness to stop it. They have not shown the will to stop it. The only way to stop it is to mandate the Congress to stop it, to make the Congress stop it, require the Congress to stop it, and the only way to do that is to pass a constitutional amendment. There is no other way to do it. Do we want to ever balance the budget? If so, let us pass this constitutional amendment, this constitutional amendment No. 41. That is the only way we will get results.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Illinois.

Mr. SIMON. Madam President, I yield 10 minutes to the Senator from Nebraska [Mr. EXON].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. EXON. I thank the Chair and I thank my colleague from Illinois.

Madam President, having listened to much of the debate on and off the Senate floor, I have come to the conclusion that many of the arguments for and against the proposed balanced budget amendment are lacking in substance. There has been entirely too much bombast and questioning of the motives of Members on opposite sides of the issue.

I come to the floor to support the balanced budget amendment and in opposition to the substitute currently before the Senate.

The timing of the substitute amendment before us, basically to create a separate capital and operating budget, might have some merit from a technical standpoint. It is not new. The concept has been around for years. But to bring it up at this juncture is clearly ill conceived. It will not prevail, and I believe that is a given.

I think we should not be wasting as much time as we have on this substitute, notwithstanding the sincere efforts of its well-intentioned sponsors. It is going nowhere and the more time we waste debating before burying it forever, at least for now, the more tarnished our image becomes.

Three weeks ago, I addressed the Senate and expressed my pleasure over the encouraging news that the Congressional Budget Office had brought to the Senate Budget Committee regarding the dramatic upswing in the overall economy. This was due largely to the deficit reduction bill that we passed last year, according to the nonpartisan Congressional Budget Office. Our actions to date have allowed the CBO to dramatically reduce its estimates of our projected deficits over the coming years. However, this does not mean that we can relax in our efforts to bring expenditures more in line with receipts.

For those of you who doubt what I am saying, I suggest that we look at CBO's numbers. Our projected deficit for 1994 is $223 billion; for 1995, $171 billion; for 1996, $166 billion; for 1997, $182 billion; and for 1998, $180 billion. That is a total of $922 billion over the next 5 years of debt that we are simply passing on to the next generation of Americans. Suffice it to say, even with our recent steps in the right direction, we have a long, long way to go.

In addition, we should all pay close attention to the fact that our deficits are projected to stop decreasing and to start increasing significantly in 5 or 6 years. At that point, we veer off of our downward glide path toward a balanced budget. As President Clinton suggests, health care reform may reverse that upward trend. Yet, the details of such reform are too unpredictable, and our cost projections too unreliable at this point, to be confident of that result.

We dare not rely solely on health care reform to also solve our deficit

problems. I have never been of the mind that health care reform can be fashioned to cost the Government less.

We have allowed our government to operate in the red for far too many years and it is quite simply time to begin to stop. It is foolish to continue the unabated growth of our Federal debt as it continues on its ever increasing upward spiral dramatically. The Federal debt stands at over $4.4 trillion. That is the killer, even more than the annual deficits which add to it. If we stopped deficit spending tomorrow, we would still have to deal with our mountain of debt and its crushing interest payments which gobble up about 15 percent of our entire annual budget.

I have heard before, and I hear again, more than a few excuses for not adopting a balanced budget amendment but for the most part they boil down to one complaint. Please do not change the status quo or cut my program. Do not upset the apple cart. Keep things just the way they are and continue to curse the beast and the process that got us to this point.

But, I maintain it is time to change. We have started down that path with the adoption of the hard fought deficit reduction bill, but I am afraid that we are going to stop with the task only half complete. In my view, we must continue down that path and pass the balanced budget amendment.

Adoption of such an amendment will surely cause our President and Congress to consider and pass legislation equally as controversial as the deficit reduction bill. I can well understand the reluctance many of us have to engage in a similar battle. Yet, we were sent here to make those difficult and tough decisions, not to continue to ignore them.

I do not necessarily disagree with all the arguments of those who say we should not need a balanced budget amendment. We should indeed simply be able to pass, or get on a steady glide path toward, a balanced budget without a constitutional amendment. We should—but we do not. I believe we have proven ourselves incapable of achieving that goal over the years, despite the constant hand-wringing and rhetoric about the evils of deficit spending and the mounting debt which we are leaving to our children and grandchildren.

Let there be no mistake. Even if the amendment is added to the Constitution, it will not be a cure-all. It is no panacea. It sure will not be easy. Unfortunately, whether it is the best solution or not, Congress and the President seem to need the hammer of a constitutional amendment to force us to do our duty. Even with some obvious pitfalls, I reject the argument that it will "trivialize" the Constitution.

Madam President, I have been a longtime proponent of the balanced budget constitutional amendment and have introduced my own version during the last several years. When I was Governor of the great State of Nebraska, I had the benefit of a similar provision in the Nebraska State Constitution. That mandate forced fiscal discipline and has kept my State fiscally sound.

A half-dozen years ago, I stood here in the Senate and said that it was time to swim out of our sea of red ink and to put our economic ship on course. We failed to pass a balanced budget constitutional amendment then and I am sad to say that the red ink continued to flow at even a greater rate.

Many who oppose the amendment for a meaningful balanced budget amendment still maintain it is not necessary. They fail to understand history.

During my 15-year history on the Budget Committee, I have been pleading and reasoning for stronger fiscal discipline. On May 14, 1982, 12 years ago, beginning on page S-5329 of the CONGRESSIONAL RECORD, I warned of the coming peril. Then we had much smaller yearly deficits and a national debt of a little over $1 trillion. Today it is over $4.4 trillion. I cited then the alarming projected trend of rising yearly deficits of $2.8 billion in 1970 to $175 billion in 1987. I detailed the corresponding annual national debt increases, from $382 billion in 1970 to $2 trillion in 1987. Obviously, little heed was said; even I did not then anticipate a $4.4 trillion national debt by 1994. So much for those who say we can do this on our own without the discipline of a balanced budget amendment. If history teaches us anything, it should be clear that we need to dramatically change course.

Those opposed to the basic constitutional amendment should be credited with making some valid points. However, their bottom line inconsistency is that while professing support for its worthy goal, they offer the historic and failed alternative: just do it without a constitutional requirement. Sounds reasonable, but they conveniently ignore the fact that this way has not worked and has minuscule chances of ever working in the future.

I can sympathize with their argument that we cannot responsibly accomplish the desired goal in 7 years, given the magnitude of the problem and the uncertainty of future unforeseen problems that could face us.

I do not like gimmickry. That was the reason I voted against Gramm-Rudman, Gramm-Rudman II, son of Gramm-Rudman and the other phony 5-year plans that could not and would not work. I believe that history has proven me right, as all but the diehard opposition to the constitutional amendment seem to agree.

Reality and the doable must be understood. I have always maintained that if we were going to be eventually successful, we need to be committed with a workable plan with teeth and get on a course of a glide path to balance that I think will probably require a minimum of 8 to 12 years.

Do I think we can accomplish the worthy ultimate goal in the 7-year timeframe required in the proposed constitutional amendment? No. And you can take my word for it and call me a liar if we miraculously accomplish it in 7 years.

But the redeeming feature that is wisely in place in the proposal allows the Senate, by 60 of its 100 votes, to suspend the requirement temporarily if and when we can't prudently accomplish the mission as scheduled.

I still have enough confidence in this body that we can and will muster the three-fifths vote when and if necessary to do what must be done.

Is that not a loophole that you could, to use the ever-popular phrase, drive a truck through? Not if you understand the process. After 7 years, we would be on the spot, a vote to temporarily suspend the mandate by 60 votes would be tough. If the people do not think we acted properly and prudently, the spotlight clearly would be on "the dirty or courageous five dozen," and they could be shortly voted out of office.

The point is that this is a good proposition to force responsibility, with the teeth to make it happen as quickly as practicable and possible.

Is the constitutional amendment proposal a flawless approach to getting something done? No, probably not, but at long last we have a chance to solve the fiscal mess that has been created over a considerable period of time. In my view, with all of its warts, it is the only chance we have, since all others have failed.

As a longtime fiscal realist or conservative, I believe that our Government, like a family or business, cannot continue unabated to spend more than it has without facing financial ruin. I thus intend to support this Resolution calling for a balanced budget amendment and strongly urge my colleagues to do so as well.

Thank you, Madam President.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Madam President, I yield 10 minutes to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Utah has yielded to the Senator from Maine, who is recognized.

Mr. COHEN. I thank the Chair.

Madam President, I remember when President Clinton submitted his budget last year—a document of some 1,200 to 1,300 pages. I recall reading an article by a distinguished columnist and journalist in this city, David Broder. He said, in all of those 1,200 to 1,300 pages, two numbers that were missing. One number was, as I recall, $940 billion. That $940 billion represented the amount of additional debt we will ac-

cumulate, assuming President Clinton's budget works as planned. Assuming all the projections are accurate, assuming all the interest rates calculations and revenue projections are correct, we will still go nearly $1 trillion more in debt during the next 5 years.

The second number that was missing was 57 cents. Fifty-seven cents did not appear anywhere in the President's budget. The 57 cents represents the amount of the individual income tax dollars that go to pay interest on the debt. Out of every dollar that we pay in personal income taxes now, 57 cents goes just to pay interest on the debt.

Madam President, we are engaged in what I have called fiscal child abuse—fiscal child abuse. We are beating our children with what I would call the equivalent of rubber hoses. The bruises do not show just now. There are no telltale signs of the beating, but the pain is going to last their lifetimes and probably be passed even on to their children.

Mr. President, I rise in support of Senate Joint Resolution 41, amending the Constitution to require a balanced budget.

I have not always supported the balanced budget amendment. When this measure was considered by the Senate in 1982 and again in 1986, I felt that Congress could and would address deficits without the aid of a constitutional amendment. Several years ago, however, I realized that I had been wrong about Congress' ability to deal responsibly with deficits. For instance, when it came time for the tough spending cuts ordered by the Gramm-Rudman deficit reduction law, Congress did not have the will to follow through. So in 1992, for the first time I supported a balanced budget amendment in the Senate.

I would like to begin my remarks by explaining why I think a balanced budget is good policy. I will then explain why I have reached the conclusion that a constitutional amendment, despite its limitations, offers the only chance of balancing the budget. Finally, I will address the arguments offered by opponents of the balanced budget amendment, many of which I think are grossly misleading.

Public debt is not inherently bad. For example, it was both necessary and wise for the Federal Government to borrow heavily during World War II. In the three decades immediately following the war, the United States gradually paid down this debt. Beginning in the seventies and worsening in the eighties, however, the Federal Government reversed this trend by borrowing more and more to pay for current expenses. It is important to understand that the huge deficits we have been running for the past 15 years have not been to finance public investments that will yield benefits in the future. We have been borrowing simply to pay for current consumption.

Contrary to popular belief, Congress is never faced with the choice of raising taxes or borrowing money to finance Government. Spending can only be paid for through taxes; it is simply a question of whether we use today's or tomorrow's tax dollars. Borrowing invariably means that future taxes will be higher than they would otherwise be. The deficit poses a problem for younger generations because it represents higher taxes in the future. In fact, the Office of Management and Budget recently published an analysis of the growing tax burden. The report forecast that, without changes in Federal law, the average net tax rate for future generations would eventually reach 82 percent of their lifetime earnings. Clearly, this would be an unsustainable situation.

This situation is compounded by the fact that, because today's Government borrowing draws down the pool of savings available for investment, future generations will be less able to afford higher taxes than they otherwise would be. Rising standards of living require investments in infrastructure, plants, equipment, education, et cetera. Savings—personal, business, and government—provide the source of this investment. By running a deficit, the Federal Government draws down the national pool of savings by an equal amount. With less savings and less investment, economic growth will not be as quick. As a result, future generations will be hit with a larger tax bill and be less prepared to handle it.

Beyond current and future economic problems caused by repeated deficits, they pose a serious problem in terms of diminishing respect for Congress. For many, Congress' inability to balance its books symbolizes our inability to act responsibly. For the sake of the integrity of the institution, Congress cannot continue to promise the American people long-term deficit reduction and do little about it. Actions do speak louder than words. If a majority in the Congress take the view, as some economists do, that deficits do not matter, that case should be made clearly to the public, and the disconnect between words and deeds can be abolished.

Personally, I believe deficits do matter and now would like to explain why I think a constitutional amendment to require a balanced budget is necessary.

As I mentioned, I have not always supported the balanced budget amendment. During the debates in 1982 and 1986, I argued that Congress should address deficit reduction through legislation rather than through changes to the Constitution.

Since I made those arguments, however, we have tried to deal with the deficit through various pieces of legislation. While some have helped at the margin, none have successfully addressed the structural deficits that continue to be part of the budgetary landscape. The brief respite of relatively lower deficits we will enjoy for the next few years should not be interpreted as a sign that we have conquered the deficits. In fact, such arguments reflect precisely the sort of short-term thinking that permitted deficits to grow out of control in the 1980's. The evidence is undisputed that, unless significant steps are taken, deficits early in the next century will dwarf those of the 1980's.

We have tried every conceivable statutory option to force Congress to be more fiscally responsible. With few exceptions, these efforts have failed. A constitutional amendment appears to be the only solution left.

Amending the Constitution is not something that Congress should propose lightly. It is a very serious matter. However, I believe that the balanced budget amendment is consistent with the historic role of the U.S. Constitution to safeguard the rights of those who may be underrepresented in the political process. In this case the underrepresented individuals are future generations who are being asked to pay for our profligacy.

I would now like to address the arguments that have been made against the balanced budget amendment currently before the Senate.

I respect the view of those who oppose the balanced budget amendment. After all, I once shared their view. Nonetheless, the distorted rhetoric offered by some opponents of this amendment has been regrettable.

Reports, for instance, claiming to detail specific cuts that would be required under the balanced budget amendment are baseless. Certainly, balancing the budget will require spending to be cut, and it would be disingenuous for me to suggest that these cuts will occur in 49 States only. Some of these cuts will obviously affect Maine. Nonetheless, to suggest that the amendment predetermines cuts in specific programs is grossly misleading.

It is ironic that those arguing that the balanced budget amendment will force disastrous cuts in spending in the same breath criticize the amendment as a gimmick that will not work.

It is also misleading to suggest that the balanced budget amendment is some sort of sham. The sham has been with budget rules that Congress has bent and broken at every stage. The balanced budget amendment will only be a sham if Members of Congress lose all respect for the integrity of the Constitution—an occurrence I do not expect under any circumstances.

Suggesting that the balanced budget amendment offers Members of Congress an "easy" political vote is also unfortunate. The easy votes have been the ones to spend repeatedly beyond our means. Although the balanced budget amendment will not itself reduce the

deficit, I have not shied away from proposing tough spending cuts. Last year, I joined Senators DANFORTH, BOREN, and JOHNSTON in offering a tough bipartisan alternative to President Clinton's budget. Our plan would have cut $2 in spending for every $1 in new taxes. More recently, I joined Senator KERREY and others in offering a list of cuts totaling nearly $100 billion over 5 years. My support for the balanced budget amendment is not a matter of political convenience. I am willing to support the spending cuts that will be necessary to enforce it.

Madam President, I know all about 30-second spots. I know what has happened to our political system. I know all about the tactics used by political opponents in coming elections. I know that every one of those cuts that I voted for will be held up on television and someone will say: Look what he did. He voted to cut this program and that program. He is cruel and he is heartless. And I know what the political consequences of having to face voters under the compressed time of a senatorial campaign is all about. So I do not need to be lectured about postponing effective dates being an act of cowardice.

It is also misleading to suggest that the balanced budget amendment would somehow target senior citizens. Nothing could be further from the truth. To the extent that deficits fuel inflation that undermines the purchasing power of those on fixed incomes, seniors have much to gain from lower deficits.

Also, the balanced budget amendment preserves the statutory provisions that protect the Social Security trust fund. For example, the law excluding Social Security from across-the-board cuts under current budget law would be unaffected by the balanced budget amendment.

While the Social Security trust fund currently operates at surplus, it is expected to face severe cash shortfalls early in the next century. Balancing the budget by 2001, as required by the proposed balanced budget amendment would ensure the viability of the trust fund for current and future retirees.

It is also misleading to suggest that the balanced budget amendment would prevent Congress from responding in times of national crisis. The balanced budget amendment does not categorically prohibit deficits. With the approval of at least three-fifths of the Congress, deficits would be permitted. In times of war or dire economic circumstances warranting deficit spending, three-fifths of the Members of the Congress can be expected to recognize the need for deficits at these times. Unfortunately, Congress has too often viewed deficits not as necessary evils in times of dire circumstances, but as normal parts of the annual budget process.

The balanced budget amendment would essentially raise the burden of proof for when Congress should deficit spend. Deficits would be permitted only when three-fifths of the Members of Congress are convinced that special circumstances exist to warrant them.

Finally, I would like to address the concerns that the balanced budget amendment would open the door for judges to enforce this law by taking it upon themselves to raise taxes and cut spending. Unlike some of the other arguments that have been raised against the balanced budget amendment, I find that to be a very serious and legitimate one.

As a member of the Senate Judiciary Committee, I take very seriously the prospects of judges usurping Congress' role in making budgetary decisions. Judges are simply not qualified to undertake these responsibilities. Permitting them to do so would be irresponsible and would upset the delicate balance of power between the three branches of Government.

To address this concern, I worked with Senators DANFORTH, NUNN, and DOMENICI to develop constitutional language to restrict the role of the Judiciary with respect to the balanced budget requirement. I am pleased that this language has been incorporated into the balanced budget amendment that the Senate is now considering.

Our provision would permit the Supreme Court to rule on the constitutionality of the Federal budget, but would prohibit the Court from taking further steps to enforce its ruling unless such steps were specifically outlined by Congress. In other words, judges could not order taxes or spending cuts unless specifically authorized to do so by Congress. It is unimaginable that Congress would grant such authority.

This is not to suggest, however, that the balanced budget amendment would be unenforceable. The balanced budget amendment will be honored because the legislative and executive branches respect the Constitution. Neither branch will want to see the Constitution honored in the breach, as this would undermine respect for the Constitution among all citizens.

Suggesting that the balanced budget amendment is not enforceable simply because judges would not be empowered to raise taxes or cut spending ignores the fact that, in the end, no judicial decision is ever self-enforcing. As was at issue in the seminal case of Marbury versus Madison, the rulings of the Supreme Court are honored by the other two branches of Government not because the Supreme Court itself has the means of enforcement, but because the other two branches of Government respect the judiciary and the U.S. Constitution.

I cannot help but note the irony that those suggesting that the amendment's language limiting the role of judges renders the balanced budget requirement meaningless have in the past vehemently argued that it would be disastrous to have judges raising taxes and cutting spending. If this reflects a change of heart on this matter, I would point out that, under the proposed balanced budget amendment, Congress could authorize judges to raise taxes and cut spending. I doubt, however, that Congress would want to grant such authority.

In closing, I would like to make three points that I think put this debate into context.

First, 37 States have balanced budget amendments. Complying with these requirements is not always convenient. But over the long term, forcing governments to balance their budgets promotes good government.

Second, the fact that taxpayers are willing to finance only $1.3 trillion of the 1.5 trillion dollars' worth of current Government services, it is reasonable to question whether the public really wants as much Government as we currently provide.

Last, we should not lose sight of the fact that there is no free lunch here. Every dollar the Government borrows is a dollar unavailable for job-creating investment in the private sector. Also, every dollar the Government borrows today is a dollar tomorrow's taxpayers will have to repay. At its most basic level the balanced budget amendment stands for the simple principle that we should pay today for the Government we use today. If we are unwilling to put the money on the barrel ourselves, by what right can ask future generations to put their money on the barrel?

I heard my distinguished colleague from Illinois quote from Thomas Jefferson earlier this morning. There is another quote which I am familiar with. Jefferson said that whenever one generation spends money and taxes another to pay for it, that we are "squandering futurity on a massive scale." We are squandering futurity on a massive scale.

What we have been engaged in over many, many decades has been the squandering of the future of our children by refusing to do that which we are elected to do and that is to make the hard, tough choices of allocation of responsibilities and priorities. We have not measured up to that responsibility. We have tried every device to force ourselves to do this. A balanced budget amendment is a last resort for me, but I feel it is an absolutely critical one.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

The Senator from Illinois.

Mr. SIMON. I will yield myself 1 minute simply to commend my colleague from Maine for his excellent, logical remarks. And particularly, he is a wordsmith. When he comes up with a phrase, "fiscal child abuse," that is precisely what we are doing. We are

imposing on our grandchildren and future generations this huge burden. This amendment says let us stop it.

I commend our colleague from Maine.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, if I could take another minute, I would like to just join in that commendation because I know how difficult it is for the distinguished Senator from Maine to change his point of view with regard to this. Because I was here in 1982, I was here in 1986, and helped to bring those amendments to the floor.

Frankly, I think he is right. We have reached a point where we can no longer continue doing what we are doing. This is the only alternative left. Not the Reid amendment, which will not solve the problem, but the Simon-Hatch amendment, which is the consensus amendment and the only one that has a chance of getting through both Houses of Congress.

I thank him for his good remarks here today. At this particular point I know we are supposed to have Senator BURNS here. Senator SASSER could not be here at this time so we are hoping Senator BURNS will come to the floor and we can have him take his time.

The PRESIDING OFFICER. Who yields time? The Senator from Nevada.

Mr. REID. Madam President, I want to bring to the attention of this body during this lull in the proceedings, a column written by James Schlesinger, former Secretary of Defense, Director of Intelligence and Director of Budget.

It is interesting that a number of people who were so vehemently supporting—so strongly supporting, I should say—the Simon-Hatch balanced budget amendment are also people who are in the throes of talking about how great our defense should be, how strong our military should be.

I think those individuals should really look at what they are doing, according to former Secretary Schlesinger.

The balanced budget amendment—talking about the Simon amendment—is an arrow pointed straight at the heart of America's defenses.

He says, among other things:

Given the many who vigorously support or profess to support a strong national defense, I have been astonished that so many appear to be advocates of the balanced budget amendment considering its dire consequences for our defense posture. Either they do not understand these consequences or, conceivably, they are just posturing. What we have here is a formula for unilateral disarmament designed for ostensibly conservative reasons. No true supporter of defense could logically vote for this amendment. It is the best way to ensure the recessional of American power.

I think those individuals should reassess their position and take a look at the Reid substitute.

Madam President, I suggest the absence of a quorum and ask that the time be allotted equally between the three managers of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CAMPBELL). Without objection, it is so ordered.

Mr. REID. Mr. President, I yield myself as much time as I may consume.

During this lull in the proceedings, I thought it would be important—in that we have just a short amount of time to debate the Reid substitute—I think it is important to note again the differences between the Simon balanced budget amendment and the Reid substitute, which is also a balanced budget amendment.

The Reid substitute does what is done in virtually every State in the Union. Virtually every State in the Union has a balanced budget. We should have one, but we should do it in a reasonable manner. What the Reid substitute does is say, yes, we should have a balanced budget, but we should also have an operating and a capital budget, like the States have. We should also take off the budget Social Security.

In effect, in calling for an operating budget and a separate capital budget, we are simply asking the Federal Government to balance its budget the same way that States, families and businesses balance their budgets. That seems reasonable.

We all know that balancing the Federal budget, as the Simon-Hatch amendment would have us do, would be devastating to the country. The Reid amendment treats Social Security participants fairly by setting the Social Security trust funds outside the budget and establishes the Social Security trust fund and not the "Social Security Slush Fund."

For those who say, well, there is going to come a time when the Social Security funds may not be there, it certainly is not going to be there if this amendment passes. Mr. Ball, who was head of the Social Security Administration during three Presidents, testified—and I have read that testimony time after time before this body the last 3 days—where he said if the Simon amendment passes, it will be the end of Social Security. So that is the reason we have to recognize the importance of the Reid substitute.

It is interesting that there are those who say the Reid substitute is, by the terms of one newspaper report, a fig leaf. Mr. President, if it is a fig leaf, a cover, I would ask the Members on the other side of the aisle to call my bluff and vote for this amendment because the way things now stand, the Simon amendment, we have all acknowledged, is dead, and now they are saying mine is dead. That is probably true because the spokesperson on Friday for the Simon-Hatch position, the senior Senator from Idaho, said no Republicans would vote for my amendment. That puts me 44–0 right to begin with and then there are some people who will not support any balanced budget amendment. That also puts me in trouble.

So those people who believe in a balanced budget amendment, that recognize that this is not a partisan issue, I suggest, Mr. President, that they call my bluff and vote for the Reid-Ford-Feinstein amendment.

I see on the floor one of the cosponsors, the senior Senator from the State of Kentucky. I yield to him 10 minutes, or if he needs more, of course, he is welcome to that.

The PRESIDING OFFICER. The Senator from Kentucky [Mr. FORD] is recognized for 10 minutes.

Mr. FORD. Mr. President, I have but a few minutes to speak this morning on behalf of the Reid-Ford-Feinstein balanced budget amendment. So I will concentrate my remarks this morning on trust.

The public trusts the Congress to keep the Nation's finances in order. Nowhere is that agreement and that trust more evident or more important than in governing the Social Security trust fund.

In the debate over our amendment and the Simon amendment, honesty and protection of the trust fund have played a very big role. Right now, surpluses in the trust funds are being used to hide the true amount of the deficit. The biggest example of this is in Social Security, but it is by no means alone in this distinction.

During the 1980's, we allowed the Federal trust funds to run up huge surpluses. We would collect a gasoline tax to fund highway construction but then not spend it all on highways, thus creating an accounting surplus. The problem is, we did spend money elsewhere creating masked deficit and budgetary illusions.

The Simon amendment will allow us to continue to do this. I have a speech in my folder that I made back in October of 1987 that addressed this very issue. This particular speech dealt with the Aviation trust fund. At the time, it represented a $6 billion surplus.

Mr. President, I say to my colleagues that that is only peanuts when compared to Social Security. According to OMB, from 1985, when the Social Security System started to run a surplus, to 1993, it singlehandedly covered up $366 billion in Government red ink. Social Security covered up $366 billion in Government red ink.

If you think that is bad, wait until we look to the future. From 1994 through the year 2001, the date that

Senator Simon's amendment would likely take effect, CBO projects another $703 billion in budgetary chicanery, for a grand total of $1.69 trillion worth of deception.

When compared with that, the deficit hidden by the other trust funds are small potatoes—only another $35 to $40 billion. Pretty soon though, as we have heard in the past, it adds up to real money. We pat ourselves on the back and claim to cut spending and do what is right for our electorate, all the while our Social Security trust fund is full of IOU's.

Well, I, and those who support our amendment, mean to do something about that. Our amendment respects the pact our Nation made with its people many years ago. It reinforces it, makes it stronger, safer, and more secure. Social Security is exempt from our amendment, thus securing and fortifying its position as a separate trust fund. If you do not believe me, just listen to the Gray Panthers, and they will tell you themselves. I have here three letters to that effect. AARP, the National Alliance for Senior Citizens, and the National Committee to Preserve Social Security and Medicare, all endorse Social Security's treatment under this amendment.

Other trust funds will be treated honestly as well. They will be considered as a part of the capital budget that invests in infrastructure and development. Building highways and airports pays dividends in the future through higher productivity and job opportunity and growth. Social Security and these other trust funds did not cause the deficit, and under our amendment they will not be used to hide the deficit either. This is honest budgeting and a workable balanced budget amendment.

Mr. President, time is short and a vote on the Reid-Ford-Feinstein balanced budget amendment is near. Unfortunately, I fear that it is not near passage but defeat. Standing beside that defeat will be a good faith effort of those who are truly concerned about the world that we leave for future generations. Standing beside that defeat will be the last attempt of this Congress to face reality and tackle an ever-crippling debt and deficit problem. Standing beside that defeat will be faith in Government. I support the efforts of my friend and colleague from Illinois to take on this persistent fiscal dishonesty, but his version of the amendment will go down to defeat as well.

The Reid-Ford-Feinstein amendment is the only amendment that could stand the chance of final passage. We all know that. Yet standing by the defeat of yet another balanced budget will be my colleagues from the other side of the aisle. Instead of getting what they could, they will go home proud of taking the supposed moral high ground. If that is what they want, they can have it. What I want and what 70 percent of our Nation's people want is a sound financial future. What they will get is more of the same under the Simon amendment, for standing tall at the end of the day will be disenchantment, dishonesty, and fiscal irresponsibility.

I hear so much about "if 40-some-odd Governors can operate a balanced budget, why can't the Federal Government."

Well, I give them an opportunity. I operated under it. It worked. We had a huge surplus when I left the Governor's office. We had an operating account. We had a capital account.

They say operate like you do at home. At home you have income, your salary. That is your operating account. You buy a car within your means. You pay that out of your operating account. You buy a home. You pay that out of your operating account. But your operating account is always balanced. And we have a time period in which to pay it off.

They say, "Oh, we will never implement that legislation." How do you know we will not? I have seen some amazing things come out of this Chamber. I have seen people work and do the right thing.

I think implementation of this amendment will work. I think we can make it work. But on the other hand, if we want an issue, fine. Stay with Senator SIMON and Senator HATCH. Stay with them and then have an issue when you go home.

But do you want a balanced budget amendment? There are enough votes with those who are supporting that amendment that we can get one.

Oh, I hear all this, "The House is going to make us do it." I have never seen us make the House do anything. I have never seen the House make us do anything. So when they pass their balanced budget amendment, what is it going to do? It is going to die between here and there. That is what is going to happen to it. It is going to die between here and there.

"Oh, we will be forced into it." Nope. The House will not do that to us. We will not do it to the House. So if you want a balanced budget amendment operated like Nebraska was operated, like Kentucky was operated, I will guarantee you that we can do the right thing.

That is what it is all about here today, to do the right thing. We have an operating budget. We are going to pay this in 10 years. The slice is in here. We have IOU's in the Social Security. We are going to buy it. It is in operating. We buy it, pay it off. So Social Security is sound. I do not understand why it takes a brain surgeon to understand how you operate a budget the way the States do.

And so, Mr. President, I would hope that we would reconsider between now and 3 o'clock this afternoon that this is an opportunity to pass a balanced budget amendment that will work and will give us a financially sound future, not only for ourselves but for our children and our grandchildren.

I hear my distinguished friend say he is going to do it for his unborn grandchildren. I have five. The Senator is no "Lone Ranger." I am just as worried about my grandchildren as he is. And I think I have a pretty good idea. I have had to work under it. I had to operate it. I understand how it works. There are few in this Chamber who do. You will find that most of those will vote for this amendment because it works.

Do it like the Governors do; pass the Reid amendment. Do it like you do at home and operate your own budget; pass the Reid amendment. It is just that simple, Mr. President.

I do not know how much time I have remaining, but I will reserve it.

The PRESIDING OFFICER. The Senator has 20 seconds.

Mr. FORD. Pardon?

The PRESIDING OFFICER. The Senator has about 20 seconds.

Mr. FORD. I yield back the remainder of my time.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah [Mr. HATCH].

Mr. HATCH. I yield 10 minutes to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana [Mr. BURNS] is recognized for 10 minutes.

Mr. BURNS. I thank the Chair. I thank my friend from Utah.

I was not a Member of this body whenever the Gramm-Rudman-Hollings Act was passed, but it was one of those many efforts we have had to control spending in this Government. While well-intentioned, the law did fall short of what it was to do. Mostly, it could be rendered in the neutral position just by waiver vote.

In 1990, I would remind my colleagues, I introduced a little bill called the 4-percent solution. Now, there are a lot of scare tactics going on around here. They are telling a lot of folks that it is going to cost them more money, the benefits are going to be slashed. Let us call them exactly what they are. They are scare tactics.

I come out of county government. The Senator from Kentucky came out of State government. I expect he probably ran his State a lot better than we ran our county. But when I left, we had a lot of money in the bank, we had a reserve. The three county commissioners were budget cutters, they were the budget setters, and they were the appropriators.

It is a little bit different here, so that is where maybe a little bit of our problems start.

The 4-percent solution said this. We could establish a budget based on previous years' expenditures, not this

baseline budgeting of add 6 percent and they will say, OK, you are either over the baseline or under the baseline, which nobody knew what it was. We were throwing a lot of chaff out here, and a lot of dust, so nobody really knew how the budgeting process operated.

But what I said is, OK, if inflation grows, or the demand for Government services continues to grow, we can allow Government to grow or finance those programs, each and every program, each and every one of them grow 4 percent a year, based on previous years' expenditures.

That makes a lot of sense to me. If I am making more money this year, I will tell my wife, OK, we can increase our budget that much. But if we are not, then we have to make some very hard choices. And the debate so far on this floor says I was sent here to make those hard choices without any strings attached. And I agree with that. But we have not done it. That is the problem. That is the crux. That is the base to it right now.

We have a lot of folks in town calling on our offices that say in this budget we are going through right now, appropriations, they will say, "Don't cut me, don't cut thee; cut the guy behind the tree." What happens when they are the ones behind the tree?

The American people understand. They are not so naive that they do not understand what we are doing. If you want a new program, they understand it is going to cost more money. Therefore, it is going to cost more in taxes. More is going to come out of your paychecks. But we are almost to that point where we can vote ourselves in the red. Then this society, as a free society, may be in serious jeopardy as we know it.

There is not a person in this country who does not understand that they want the same opportunities for their children and their grandchildren as we had. But with deficit spending, those opportunities melt away. Yet, those very folks are in town saying: We want more of the pie from Uncle Sam.

I said, "Fine. What do you suggest we cut?"

"I do not know."

There has to be some balance here. We have to pay for it in some way or another. We like to balance it, and we need your help. Maybe we have to do more with less. Maybe more is going to be required of you, the responsibility. Everybody talks about rights and entitlements; rights and entitlements. Nobody talks about responsibility. And we have to start doing that.

The 4-percent solution was merely this: Let the budget grow 4 percent based on previous years' expenditures, and nobody takes a cut; everybody increases a little bit every year. In 4 years, we would have balanced the budget, and we could start to work on this terrible debt of over $4 trillion on which our children and our grandchildren will be paying the interest. It will be a long time, the way they are cutting things around here. The biggest line item in the budget will be the interest on national debt.

I agree some of that interest probably goes out to folks that own bonds. That is not all that bad. The investment has been pretty good thus far. As long as we are solvent, that is a pretty good investment. But where are we?

So I realize—and I respect my good friend from West Virginia and all the folks who would say vote for my amendment, and my friend from Nevada. But what does it do? Nothing. That is what it is meant to do—nothing. It was not offered to do something. Go home and feel good? I do not think so.

You go home and talk to people who pay taxes, who walk up to that window and pay taxes. They will say, "Well, there is a lot of cynicism in Government."

I will say, there sure is; because every time you turn around, you are looking at a Government employee or a bureaucrat in some way or another. They are in more people's lives now than they ever have been. The only way we curb that is we have to operate our house a little bit tighter than we are operating it right now.

I heard all the threats. We have all heard them. But I will tell you right now that if it is going to take draconian measures to get our house in order, then let us get our house in order. Let us take that step. Let us all hurt a little. It does not hurt us. Let us all hurt a little with the people of this country, because I think they really want to do that.

I still go back to the old 4 percent. There are people telling Social Security recipients that their benefits are going to be slashed by over $500 a year if this amendment passes; that is wrong. That is as wrong as wrong could be. It is not there.

I noticed my good friend in the chair this morning. We understand the cattle industry. There is an old saying that liars figure, but figures don't lie. This is wrong. You cannot tell people and scare people into accepting something that is unacceptable to 75 percent of the people in this country.

I spoke to a group of people who are involved in rural water systems just last Friday. There was a couple hundred people there who serve my State of Montana. I said, "How many people would like to see a balanced budget amendment?" You do not want to know how many hands went up. Three-fourths of them put their hands up.

So let us not hoodwink the American people and do not believe that they are naive enough that they do not understand and know what is going on when we offer this balanced budget amendment.

I want to congratulate my friend from Illinois. It has taken great sacrifice for him to fight this battle and to come up with a proposal that at least gets us started in the direction of fiscal responsibility in the U.S. Government.

I know he has the support of folks in Illinois, because I know some of his constituents. They are in support of this, 75 percent. Those are big numbers when we start talking about doing the right thing when it comes.

But if this does not happen, then the American people are the big losers. I think we have an opportunity there to really pass this amendment and make it part of the Constitution. If you do not want to do that, I would even entertain the suggestion to let us write it into law. Let us just write it into civil law, right into the codes. If it works, I want to see some people standing on this floor making the argument to repeal it.

If you do not want to put it in the Constitution, let us put it into law where the lawmakers can handle it. It does not have to go in the Constitution so that it binds this body. It is just merely a suggestion. I think maybe we ought to think about that if we do not make it a constitutional amendment.

I thank my friend from Illinois, my friend from Utah, and the Chair.

I yield the floor.

Mr. SIMON. Mr. President, I yield myself 2 minutes.

Just to respond to my friend from Montana, I thank him for standing up. The National Taxpayers Union just released a poll done of 1,000 Americans asking about this constitutional amendment: Favoring it, 67 percent; opposing it, 18 percent. That is almost 4 to 1. That simply underscores it.

Then, in terms of the statutory suggestion the Senator makes in changing the law, the reality is we have a law right now, believe it or not, introduced by Senator Harry Byrd a long time ago, which requires us to have a balanced budget. We just ignore it. That is the problem with the law. We either ignore it or we change the law. That is why we need the constitutional amendment.

I yield the floor, Mr. President.

The PRESIDING OFFICER. Who yields time? The Senator from Utah [Mr. HATCH] is recognized.

Mr. HATCH. Mr. President, before I summarize the reasons the Reid amendment is an unacceptable alternative to the Simon-Hatch balanced budget amendment, I would like to reply to some of the points made by the Senator from Nevada and others in response to my statement yesterday.

The Senator from Nevada said that my arguments criticizing his amendment were a lot of "legal mumbo jumbo." It seems odd to me that anyone would object to a discussion of constitutional law and principles in a debate on a constitutional amendment. It

seems even odder that a recitation of the significant Supreme Court precedent would be termed "legal mumbo jumbo."

The Senator stated that, as an attorney, he was familiar with the maxim that when the facts are not on your side, argue the law.

Well, as with so many other things in this debate, the Senator from Nevada has it backwards. The traditional maxim is that when the law is not on your side, argue the facts, and when the facts are not on your side, pound the table.

Mr. President, the Senator from Nevada did not respond to my arguments that his amendment flies in the face of constitutional theory and history: That the Reid amendment cedes unprecedented power to suspend the Constitution and to make budget decisions to unelected officials, and violates the basic norms of due process, which we have followed for 200 years in constitutional history.

In fact, he admitted that his amendment would overturn the very important Bowsher decision, which struck down the grant of budget-cutting authority to the Comptroller General of the United States as inconsistent with the constitutional principle of separation of powers.

He once again raised the false specter that the Simon-Hatch amendment could enhance Presidential impoundment. I have responded to this point at length during the past few days of debate. By way of summary, the Simon-Hatch amendment does not grant the President any impoundment authority, because it is intended solely as a limitation on Congress' taxing, borrowing and spending powers. Ironically, he did not fully respond to the suggestion that his amendment created possible impoundment powers in unelected officials in Congress.

Instead, finding the law against him, the Senator from Nevada attempted to argue the facts, but he could find none. Instead, he invoked, just as Clinton administration officials did a week earlier, what seems to be the substitute for the facts in this debate—a litany of dire consequences if our amendment is enacted—all transportation by car, rail, and plane would shut down; people freezing and dying in the streets. Mr. President, that is not constitutional argument; that is not arguing the facts; that is hysteria.

Mr. President, the law supports the Simon-Hatch balanced budget amendment, and the facts do as well, because it is the only amendment that will actually balance the budget. The facts are that we have a $4.5 trillion debt. And without the Simon-Hatch amendment—with no amendment or with the Reid amendment—the debt will be $6.4 trillion in 1999.

Finally, the Senator made the point that hard choices make bad law. On the contrary, Mr. President, hard choices make good government. Invoking hysterically exaggerated dire consequences of prioritizing our spending is not the way to rationally discuss correcting our fiscal mess. Of course, we must make hard choices under our amendment, because under our amendment we must actually balance the whole budget. But under the Reid amendment, we can avoid those hard choices by exempting virtually everything or turning the difficult jobs over to some unelected officials.

Mr. President, the Reid amendment is clearly insufficient. It is not a serious balanced budget amendment.

I will list 10 reasons why the Reid amendment is an unacceptable alternative to the Simon-Hatch balanced budget amendment.

First, the Reid amendment is a political fig leaf.

Mr. President, the Reid amendment is simply a sham, a cover vote to allow Members to say to their constituents—the vast majority of whom want a balanced budget amendment—that they supported something of that name.

Second, the Reid amendment is in fact a killer amendment.

Even if the Reid amendment passed, which it will not, a substantial change of this nature to the balanced budget amendment will kill its chance of passage in the House of Representatives. In 1992, the Gephardt amendment, which had similar exemptions, lost handily. It got only 104 votes, with over 300 votes against it. Make no mistake, the Reid amendment is a killer amendment.

Third, the Reid amendment is a hastily constructed, poorly thought-out attempt at a balanced budget amendment.

It is ironic that Senate Joint Resolution 41, the Simon-Hatch amendment—the product of years of hearings and public and congressional debate—has been criticized as trivializing the Constitution. Talk about trivializing the Constitution. The Senate will, at 3 o'clock today, vote on the Reid amendment, which is called a balanced budget amendment—a proposal unveiled just 5 days ago. Not one day of hearings, and not any public debate, other than what we have had over the last few days. No hearings, 2 days of debate, and here we are voting on an amendment to the U.S. Constitution. This is truly inadequate for the Senate, for the American people, and for the Constitution's framers.

Fourth, the Reid amendment is undemocratic.

It is quite ironic, as well, that Senate Joint Resolution 41 has been criticized as being undemocratic. Talk about undemocratic. This Reid alternative, one, cedes authority to suspend the operation of a constitutional requirement to balance the budget to the Director of the Congressional Budget Office, an unelected official whose appointment is not even subject to congressional confirmation; and, two, says that Congress may delegate the power to order uniform cuts in the budget to some unnamed "officer of Congress."

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

Mr. HATCH. On your time.

Mr. FORD. Do I have 20 seconds left, Mr. President?

The PRESIDING OFFICER. Yes.

Mr. FORD. Does that not say "may," and when we have the situation on legislation to implement the amendment, do we have to do it?

Mr. HATCH. You do not have to do it.

Mr. FORD. It says "may," and the Senator acts like it is mandating it.

Mr. HATCH. Congress may delegate the power to order uniform cuts in the budget to some unnamed officer of Congress. We have all heard the expression a player to be named later. Well, if this alternative passes, we will have a similar provision in the U.S. Constitution, where the Congress may delegate to an unnamed, unelected official the right to order uniform cuts. That is unprecedented anywhere. The Senator's point does not diminish my point at all.

Fifth, the Reid amendment does not require that the whole budget be balanced, and it contains a number of loopholes through which large deficits could be run.

Mr. President, it is ironic, as well, that opponents of the Simon-Hatch amendment have incorrectly criticized it as a gimmick which could be easily circumvented. It is the Reid alternative, however, that has mammoth loopholes, such as exemptions for everything outside of the undefined operating funds of the United States, including what it refers to as capital investments, a term which is not defined, and its meaning is not agreed upon at the Federal level. Who knows how broadly that might be construed? It could cover everything from education to transportation expenditures. That is a laugh. Would welfare payments be considered investment in human capital under that amendment? Virtually anything could be excluded by this loophole.

Sixth, the Reid amendment has no functional enforcement provision.

The Reid amendment requires that estimates of spending and income be balanced, but it has no backup enforcement provision to ensure a balanced budget if those estimates are wrong. In marked contrast, the Simon-Hatch amendment has a debt ceiling which cannot be circumvented except by a three-fifths rollcall vote of the Congress. Furthermore, the Reid amendment allows enforcement only in accordance with some possible future legislation, ensuring that Congress can control how much or how little enforcement is available. We want a bal-

anced budget amendment so that we can force Congress to do what is right, or at least give every incentive to do what is right, rather than leaving it up to Congress to do business as usual. Consequently, the Reid amendment really is an unenforceable gimmick.

Seventh, the Reid amendment allows deficit spending in so many instances that under it we would never get the debt under control.

The Reid amendment only requires that the undefined operating funds of the Federal budget be balanced. Everything else can be financed by deficits. Even this weak requirement of balancing Federal operating funds, however defined, can be avoided for a full 2 years if there is ever an economic slowdown for two quarters as estimated by none other than the Congressional Budget Office.

Thus, if the economy slows down for two quarters, Congress has free reign to run up the deficit for 2 full years under the Reid amendment. It has been estimated that applying the standards of the Reid amendment could have resulted in a suspension of the balanced budget rule in 22 of the last 45 years.

Where are the teeth in this amendment?

Eighth, the Reid amendment constitutionalizes questionable economic policies.

Section 3 of the Reid amendment allows deficit spending in times of recession or economic slowdown. This is a distorted version of Keynesianism, and it is not clear that it would work to stimulate our current economy. In fact, our recent history seems to refute such an expectation. We had record deficits and zero or low growth for 3 years. This sort of stimulus mechanism is obviously not working. Perhaps more importantly, it is not clear that the definition of recession contained in the Reid amendment is appropriate. With all the questions about the economic assumptions underlying the Reid amendment, it should not be included in the Constitution.

Ninth, the Reid amendment conflicts with the philosophy underlying the Constitution.

The Reid amendment conflicts with constitutional theory and history in two ways. First, it explicitly cedes broad constitutional authority to unelected officials, such as the Director of the Congressional Budget Office and another unnamed "officer of Congress," in a way wholly inconsistent with traditional constitutional law and principles, such as the separation of powers. Second, it denies fundamental norms of due process by denying any and all access to any court to vindicate any private rights unless Congress so allows in future legislation.

Tenth, the Reid amendment encourages continued congressional irresponsibility in the budget process.

Each of the flaws I have discussed opens the Reid amendment to abuse and creates a vent through which the pressure to make the hard choices can escape, along with the possibility of a balanced budget. Mr. President, the Reid amendment is a rule swallowed by exceptions.

It allows numerous avenues for deficit spending through which Congress can continue its current profligacy. It contains numerous abdications of congressional responsibility and accountability for taxing and spending decisions. And finally, it supports continued congressional irresponsibility.

In contrast, the Simon-Hatch amendment, the only one that has a chance of getting through the Congress and I believe has a chance of getting through today in spite of those who have been decrying this amendment, requires Congress to take responsibility for all Federal spending and taxing decisions. It forces Congress to set priorities and make spending decisions within the limits of the available revenues. It requires Congress to spend for the things the American taxpayers are willing to pay for and no more. It stops the further abdication of congressional responsibility encouraged in the Reid amendment, and it requires Congress to once again take its constitutional duties seriously in the way the framers intended.

Mr. President, for all these reasons the Reid amendment, this political fig leaf, this caricature of a constitutional amendment, must be rejected. The American people must not, and will not, be fooled. The only serious balanced budget amendment is the Simon-Hatch amendment. It is the only one that has the possibility of moving this Nation to a balanced budget and the only one that will restore congressional responsibility and accountability in the Federal budget process. The Congress knows it, and the American people deserve it. I do not think they will accept anything less than their Senators' support for the Simon-Hatch balanced budget amendment.

This has been tough talk. I know there is a lot of sincerity in what has been done, but that does not negate these 10 points which I do not think can be refuted.

Mr. President, I am happy to yield 10 minutes, if I have it. How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator has 6 minutes remaining.

Mr. SIMON. I am happy to yield 6 minutes to the distinguished Senator from Idaho.

Mr. HATCH. I yield 4 additional minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 10 minutes.

Mr. CRAIG. Mr. President, I thank my colleagues for yielding. Let me build upon their comments and testimony this morning as it relates to the Reid amendment. I use the word "testimony" for a very important purpose because the Reid amendment has had no testimony, not 1 minute of committee examination or Member examination beyond its presence here on the floor as it freshly appeared last week.

I appeared on the floor yesterday in debate in opposition to the amendment, and I brought with me a stack of documents that covered this desk and nearly reached the top of this podium, some 3,000 pages of testimony of both positive and negative critique of this amendment, the Simon-Hatch-Craig-Thurmond amendment, which I think, in all fairness, in reality deserves to be called the real amendment versus the Reid amendment.

Yesterday during that give and take between Senator Reid and myself I offered him 34 questions about his amendment that I submitted to the RECORD that clearly deserved to be answered. I hope they can be answered today. I hope they can become part of the RECORD.

Mr. REID. Mr. President, will the Senator respond?

Mr. CRAIG. Quickly.

Mr. REID. I will. There are a lot of questions we have answered. We have answered many of them. Before the debate is ended, we will put them in the RECORD so they will be there for the future.

Mr. CRAIG. I thank the Senator.

It becomes very important that we build this Record on an amendment that in our opinion is serving very poorly as a substitute.

Now, I had just concluded those comments yesterday when the Senator from Alabama came to the floor, Senator HEFLIN, and again began to ask questions about an unknown commodity, the Reid amendment.

I think it is clearly incumbent upon the Senator to respond to those. He has now just said he will attempt to do so, and it becomes very important in the final outcome of this whole debate and more importantly to the understanding the American people will have about what is or is not the proper tool or device to put in the Constitution for the purpose of balancing the budget.

First and foremost, the Reid amendment does not even address what we commonly refer to as a balanced budget. It is his concept of a balanced budget. It is a little off here, and a little off there, and we will balance the rest. It is not a total picture for the American taxpayer to analyze what their Government is doing in any regard.

Between actual outlays and receipts there is a phenomenal disparity. Our amendment, the real balanced budget amendment, allows the use of estimates as a means of achieving what we require, a balance between actual outlays and receipts. His merely says estimates ought to be in balance.

In other words, in our amendment estimates are acknowledged as realistic

means to an end. That becomes a very important part in the total understanding of this issue.

Mr. President, I rise in support of Senate Joint Resolution 41, the bipartisan, bicameral, consensus balanced budget amendment to the Constitution, and in opposition to the amendment offered by the Senator from Nevada [Mr. REID].

The Reid proposal, technically, is called an amendment in the nature of a substitute. But let us make no mistake: The Reid amendment is no substitute for the real thing.

I pointed out yesterday on this floor that, over the last 14 years, we have had—and I am estimating conservatively, here—3,000 pages of legislative history behind our consensus balanced budget amendment. That has included hundreds of hours of debate here on the Senate floor and in the House, extensive committee hearings in both bodies, and Judiciary Committee reports in virtually every Congress.

But when we look at the Reid amendment, we have only questions.

Yesterday, I submitted to Senator REID and for the RECORD some 34 questions about his amendment. These were not rhetorical questions—they were, and are, questions about the definitions in and the operation of his amendment. The answers are not obvious from reading the amendment and there is no legislative history, no hearing record, to guide us.

Later yesterday, the senior Senator from Alabama [Mr. HEFLIN] asked a number of additional questions, as did the senior Senator from New Mexico, the former chairman of the Budget Committee [Mr. DOMENICI]. I suspect that, if we had more than a couple of days to look at the Reid amendment, we would see the need to ask more and more questions.

I still look forward to reviewing answers to the questions I submitted to the Senator from Nevada. At this moment, I would like to revisit just a few of the questions—as well as some of the serious problems—that his proposal raises.

First and foremost, the Reid amendment does not even address what we commonly refer to as a balanced budget—a balance between actual outlays and receipts.

Our amendment, the real balanced budget amendment, allows the use of estimates as a means of achieving what we require: A balance between actual outlays and receipts. His merely says that estimates ought to be in balance.

In other words, in our amendment, estimates are acknowledged as realistic means to an end, that end being an actual balanced budget. In the Reid amendment, some statement of balance between some outlays and some receipts is the end itself. No follow-through is required.

Our amendment is basically self-enforcing, because even the most honest failure to comply with it would result in the need to increase the debt limit by a three-fifths vote in both bodies of Congress. Congress and the President would do just about anything to avoid the threat of having to face that hurdle—even balance the budget. If Congress or the President actually violated our amendment in an extreme, blatant way, we provide the backstop of limited but necessary judicial enforcement.

The Reid amendment has absolutely no legislative or judicial enforcement. His amendment allows legislative enforcement, while ours makes it inescapable.

The Reid amendment excludes capital investment from estimated outlays, although—and this is interesting—it does not exclude the receipts of capital investment trust funds from its definition of estimated receipts.

Apparently, Senator REID would have us use highway taxes to pay for the expenses of the operating budget, while highway spending would not have to be paid for at all. This would destroy our current system of dedicated trust funds.

There is no commonly accepted definition in the Federal budget lexicon for capital investments, and the Reid amendment does not define them. I ask unanimous consent to print in the RECORD a table from page 109 of the "Analytical Perspectives" volume of the President's fiscal year 1995 budget.

There being no objection, the table was ordered to be printed in the Record, as follows:

TABLE 8–1.—COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

[In billions of dollars]

	1993 actual	Estimate 1994	Estimate 1995
MAJOR FEDERAL INVESTMENT OUTLAYS			
Major public physical capital investment:			
Direct:			
National defense	76.1	66.5	60.4
Nondefense	19.1	22.5	22.9
Subtotal, direct major public physical capital investment	95.2	89.0	83.3
Grants to State and local governments	31.2	34.2	36.5
Subtotal, major public physical capital investment	126.4	123.3	119.8
Conduct of research and development:			
National defense	40.4	38.9	39.4
Nondefense	28.0	29.2	30.3
Subtotal, conduct of research and development	68.4	68.1	69.7
Conduct of education and training:			
Grants to State and local governments	21.5	24.9	25.6
Direct	20.4	17.4	19.0
Subtotal, conduct of education and training	41.9	42.3	44.6
Major Federal investment outlays	236.7	233.6	234.0
MEMORANDUM			
Major Federal investment outlays:			
National defense	116.6	105.5	99.8
Nondefense	120.1	128.2	134.2
Total, major Federal investment outlays	236.7	233.6	234.0
Miscellaneous physical investment:			
Commodity inventories	−0.2	−0.8	−0.2
Other physical investment (nondefense, direct)	5.6	5.8	5.5
Total, miscellaneous physical investment	5.4	4.9	5.3
Total, Federal investment outlays, including miscellaneous physical investment	242.1	238.6	239.3

Mr. CRAIG. As we see from this table, the President's budget lists the following investment spending: $89 billion for physical capital—the category most analogous to traditional State government practices; $68 billion for research and development; $34 billion for grants for State and local physical capital; and $42 billion for education and training.

Does the Reid alternative contemplate a capital budget of $89, $123, $191, or $234 billion? Well, that would depend on how Congress, implementing the Reid amendment, would define capital.

Many in Congress, the administration, academia, and the private sector believe we should focus on the emerging concept of human capital as an investment priority. If Congress adjusts its definition of capital investments accordingly, then the Reid amendment may be calling for a capital investment budget that would amount to $234 billion this year. And remember all of that amount could be deficit spending under the Reid amendment.

The Reid amendment's exemption of Social Security was dealt with extensively in debate yesterday. I just want to reiterate a couple of points briefly in this regard.

First, a constitutional amendment should enshrine timeless principles, not address temporary situations.

The proponents of the Reid amendment have focused exclusively on the surpluses that the Social Security trust funds are running today.

However, according to the Social Security trustees, by the year 2016, trust fund outlays will begin exceeding trust fund tax receipts. By 2024, those outlays also will exceed interest revenue being earned on Treasury securities. At that point, the trust fund will be operating with annual deficits, as I pointed out yesterday with a graph, here on the floor.

When the trust funds start running deficits, including them under the balanced budget umbrella will result in annual surpluses in non-Social Security spending, guaranteeing that funds will be available to meet Social Security obligations to today's workers.

Today and in the future, the largest threats to Social Security are deficit spending, the growing debt burden, and the interest payments that increasingly crowd out other fiscal priorities. The only sure way to protect Social Security from these economic and fiscal pressures is to stop deficit spending,

stop growing the debt, and start lowering interest costs.

Under the Reid amendment, there is no bar to Congress redefining other, non-Social Security programs, so that they could be moved off-budget and paid for by draining Social Security revenues.

Under the Reid amendment, if Congress wanted to stimulate the economy with tax cuts, there would be no balanced budget consequences from slashing the off-budget Social Security taxes, without replacing those revenues from somewhere.

In both cases, the Reid amendment would put the integrity of the Social Security trust funds in great jeopardy.

I ask unanimous consent to print in the RECORD a copy of a Dear Colleague several of us sent out last week that discusses in greater detail how our amendment, the bicameral, bipartisan consensus amendment, actually protects Social Security, along with endorsements from seniors groups.

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

[From Congressional Leaders United for a Balanced Budget]

FEBRUARY 23, 1994.

DEAR COLLEAGUE: Some opponents of S.J. Res. 41/H.J. Res. 103, the Balanced Budget Amendment to the Constitution, once again have resorted to scare tactics, claiming that such an amendment would threaten the existence of Social Security. We can assure you that nothing could be further from the truth. In fact, the amendment will protect Social Security from the threat posed to by continued federal deficits.

Analyses of the amendment that project deep cuts in specific programs as a result of across-the-board reductions assume that, within a balanced budget framework, Congress and the President will abdicate our responsibility to make choices and put the budget process on automatic pilot. We believe that members of Congress take their responsibilities seriously. The Balanced Budget Amendment would impose a discipline—now lacking—that would foster crucial priority-setting.

The amendment does not change in any way the existing status of Social Security. Current statutory protections would not be compromised by the amendment and Congress surely would take cognizance of Social Security's history of protections in any implementing legislation. For example, any legislation that would change the actuarial balance of the Social Security trust fund is currently subject to a 60 vote point of order in the Senate.

The greatest threat to the long-term status of the Social Security program is the rapidly increasing federal debt. Interest on the debt is consuming an increasingly larger percentage of the federal budget. Interest payments will continue to crowd out other spending, including eventually Social Security, and will impair the ability of future generations to repay monies borrowed from the Social Security trust fund. By making deficit spending a rare exception instead of the norm, a balanced budget amendment will protect the long-term stability of Social Security and Medicare.

We have attached additional information regarding the effect of our amendment on Social Security. If you have any questions, you can contact any one of us or Damon Tobias (Craig, 4/2752), Sharon Prost (Hatch, 4/7703), Janice Long (DeConcini, 4/8178), Thad Strom (Thurmond, 4/9494), or Ed Lorenzen (Stenholm, 5/6605).

Sincerely,

CHARLES STENHOLM.
DENNIS DECONCINI.
LARRY CRAIG.
ORRIN HATCH.
STROM THURMOND.

THE BALANCED BUDGET AMENDMENT WILL PROTECT SOCIAL SECURITY

The largest threats to Social Security are deficits and debt.

Ballooning interest payments on the national debt already are squeezing out other fiscal priorities. Spending more and more on interest eventually threatens all programs, even Social Security.

The BBA will protect Social Security now and in the long run.

Even the Wharton study commissioned by BBA opponents shows interest rates dropping immediately in anticipation of phasing in a balanced budget. The 30-year government bond rate would drop from 6.6% to 2.5% by the year 2003. Besides all their other benefits, zero deficits, a smaller debt, and lower interest rates would reduce the debt service squeeze on Social Security and other federal programs.

When the trust funds start running deficits in the future, including them under the balanced budget umbrella will result in annual surpluses in non-Social Security spending, guaranteeing that funds will be available to meet Social Security obligations to today's workers.

Exempting Social Security from the balanced budget requirement would threaten the trust funds.

The temptation would be irresistible to redefine other spending items as "Social Security," shift them out of the balanced budget constraint, and pay for them by draining the Social Security trust funds. This obviously would undermine the integrity of the funds and threaten the purposes for which they were established.

Forceful statutory protections can and will continue.

Social Security currently enjoys unique statutory protections in the budget process. None of those would be changed by the BBA. Both political reality and the positive budget and economic effects of the BBA point to maintaining, not eroding, its priority status.

A constitutional amendment is supposed to enshrine timeless principles, not address temporary situations.

Social Security is running large surpluses today. However, the funds' Trustees project that, by the year 2024, the growing retirement needs of baby boomers will cause annual deficits in the trust funds and begin drawing down previously-accumulated surpluses. Unpredictable economic or demographic changes are always possible.

HOW THE BALANCED BUDGET AMENDMENT PROTECTS SOCIAL SECURITY

Put an end to the rapid growth in interest payments that threaten to crowd out Social Security spending.

Interest payments have nearly quadrupled since 1980. Interest payments in 1993 were $200 billion and are expected to exceed $300 billion annually by the end of the decade. Until we balance the budget, spiralling interest payments will continue to crowd out other spending, including Social Security.

Forcing Congress to balance the budget will avert the threat of runaway inflation.

As Senator Simon and others pointed out during recent hearings, no industrialized nation has reached the level of debt we will face next century without monetizing the debt by printing more dollars. Monetizing the debt will lead to explosive inflation. Huge debt burdens contributed to ruinous inflation in Germany in the 1920's and several Third World nations in the 1980's. It would have a particularly severe impact on senior citizens living on a fixed income. It will not do any good to get a $1,000 retirement check if bread costs $100 a loaf.

The amendment will force Congress to deal with the deficit before we are faced with a budget crisis that forces draconian cuts each year just to maintain the status quo.

The General Accounting Office has warned that if the amount of deficit reduction required just to limit the deficit to three percent of GDP will increase exponentially by the year 2005. By the year 2020, Congress would be required to enact a half a trillion dollars of additional deficit reduction each year just to restrain the deficit to three percent of GDP. No program—including Social Security—will be able to escape deep spending cuts under this scenario.

Balancing the budget will promote the economic growth necessary to sustain the Social Security trust fund.

GAO, CBO and most economists warn that continued growth in deficit spending will result in lower productivity and deteriorating living standards. As real wages for taxpaying workers decline, there will be increasing resistance to the taxes necessary to meet the growing commitments of the Social Security program. GAO found that balancing the budget by the year 2001 will lead to the higher productivity and growth in real wages that will be necessary to support our commitments to the growing elderly population.

The amendment will help ensure that Congress takes action before the Social Security trust fund begins running yearly deficits.

Although the Social Security trust fund currently is running a surplus, within a generation, it will face cash shortfalls. A balanced budget amendment will provide Congress and the President with the necessary incentive to take corrective action to deal with this threat and provide for the long-term solvency of the trust fund.

The amendment preserves statutory provisions that protect Social Security.

The current statutory protections for Social Security would not be eliminated by the amendment. For example, under current law, any legislation that would change the actuarial balance of the social security trust fund is subject to a point of order which requires a three-fifths vote to waive in the Senate. Under the 1985 Gramm-Rudman Act and the 1990 Budget Enforcement Act, Social Security was completely protected from all sequesters. Given political realities, Congress almost certainly would set budget priorities in such a way that the protections for Social Security are maintained or even enhanced.

Exempting Social Security would open up a loophole in the amendment and tempt Congress to take irresponsible actions that threaten the trust fund's integrity.

Exempting the Social Security trust fund from the amendment would create an incentive for Congress to use it as an instrument of countercyclical stimulus, social policy or other uses other than as a retirement program, threatening the ability of the trust fund to fulfill its obligations to retirees. For

example, Congress might pass legislation to shift spending for Medicare, other retirement programs, or any number of programs to the social security trust fund to avoid a three-fifths vote to unbalance the budget. Thus, the non-Social Security budget could be "balanced" simply changing program definitions and draining the Social Security trust fund.

The Constitution is not the place to set budget priorities.

A constitutional amendment should be timeless and reflect a broad consensus, not make narrow policy decisions. As noted above, the financial status of Social Security will change drastically, and perhaps quite unpredictably, in the next century. We should not place technical language or overly complicated mechanisms in the Constitution and undercut the simplicity and universality of the amendment.

SILVER SPRING, MD,
February 15, 1994.

Hon. PAUL SIMON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMON: I am pleased to have this opportunity to express my support for the Balanced Budget Amendment.

For 37 years I worked for the Social Security Administration, serving as Chief Actuary in 1947–70, and as Deputy Commissioner in 1981–82. In 1982–83, I served as Executive Director of the National Commission on Social Security Reform. And I continue to do all that I can to assure that Social Security continues to fulfill its promises.

The Social Security trust funds are one of the great social successes of this century. The program is fully self-sustaining, and is currently running significant excesses of income over outgo. The trust funds will continue to help the elderly for generations to come—so long as the rest of the federal government acts with fiscal prudence. Unfortunately, that is a big "if."

In my opinion, the most serious threat to Social Security is the federal government's fiscal irresponsibility. If we continue to run federal deficits year after year, and if interest payments continue to rise at an alarming rate, we will face two dangerous possibilities. Either we will raid the trust funds to pay for our current profligacy, or we will print money, dishonestly inflating our way out of indebtedness. Both cases would devastate the real value of the Social Security trust funds.

Regaining control of our fiscal affairs is the most important step that we can take to protect the soundness of the Social Security trust funds. I urge the Congress to make that goal a reality—and to pass the Balanced Budget Amendment without delay.

Sincerely,

ROBERT J. MYERS.

UNITED SENIORS ASSOCIATION, INC.,
Fairfax, VA, February 16, 1994.

Hon. PAUL SIMON,
Hon. LARRY CRAIG,
U.S. Senate,
Washington, DC.

DEAR SENATORS SIMON AND CRAIG: The United Seniors Association is proud to stand with you in support of the Balanced Budget Amendment to the U.S. Constitution.

The 400,000 members of our organization—and the majority of seniors across the country—know the importance of thrift, of responsibility and of "paying as you go." Seniors know that, like a family or an individual, the federal government cannot borrow more and more money, year after year, without facing disaster.

Seniors are unconvinced by those who try to frighten them about the future of Social Security if a Balanced Budget Amendment were approved. They know that Social Security will not survive if the government is unable to meet its obligations, and the day of insolvency is approaching like a freight train.

Certainly, balancing the budget will require sacrifice on the part of seniors along with most other Americans. But seniors are fed up with politicians who use them as a shield for costly boondoggles. Seniors know that the federal government spends too much money, and they want it to stop.

As one columnist wrote in 1992 in U.S. News & World Report, "we can no longer afford the illusion that we can spend our way to prosperity." We need to "move forward immediately—no more mannas—to restore our financial solvency. Some 49 of our 50 states have learned to live within laws requiring balanced books; surely Washington can do the same."

That columnist was David Gergen, and he was right.

At the United Seniors Association, we recognize that the amendment is not a cure-all. But if the amendment were approved, political leaders tempted to overspend would find at least one obstacle in their path.

We pledge to you that we will use our organization's resources to spread the word among senior citizens across the country—that a vote for the Balanced Budget Amendment is a vote for the future of this country—for our children, for our grandchildren, and for all of us.

Sincerely,

STEVEN J. ALLEN,
Director of Communications and Public Policy.

[From the Seniors Coalition Issue Paper, October 1993]

THE BALANCED BUDGET AMENDMENT—RESTORING FISCAL INTEGRITY TO AMERICA

(By Daniel J. Mitchell)

It took 167 years for America's national debt to reach $100 billion, another 40 years to $1 trillion, but only nine more years to climb to $3 trillion. The explosion of debt should come as no surprise; the federal budget has not been balanced since 1969. Deficit spending since that time is responsible for about 90 percent of the national debt. Annual interest payments on the national debt now consume nearly $200 billion annually, a $3,300 burden for every family of four in America.

The only solution to America's federal spending crisis is a balanced budget amendment. Members of Congress repeatedly have demonstrated that they are completely incapable of exercising fiscal responsibility. On the rare occasions when Congress approves legislation such as the Gramm-Rudman Deficit Reduction Act, which actually slows the growth of government, they quickly figure out some way to get around the law. In most cases, of course, Congress simply makes a bad situation worse. In 1990, for instance, Congress and the Bush Administration approved a record tax increase. While the politicians claimed the higher taxes were needed to reduce the deficit, then projected to be about $150 billion, the money was actually used to finance an orgy of new spending. As a result, the budget deficit has climbed to nearly $300 billion, an all-time record. This year, unfortunately, the Clinton Administration decided to "solve" the deficit by repeating the mistakes of the 1990 budget deal. As a result, a record tax hike will increase rather than reduce government borrowing.

More than anyone else, it is the politicians who benefit from the current system. They got to spend the money, in effect buying votes from various interest groups. The bill for this spending spree, however, is simply added onto the national debt. In other words, while hurting today's taxpayers, the bulk of the problem is passed on to future taxpayers.

A balanced budget amendment would restore balance to fiscal policy. By requiring politicians to balance the budget every year, legislators finally would be forced to set priorities. Wasteful, duplicative, and unnecessary spending programs would be subject to some long overdue discipline. Bureaucratic red tape and overhead expenses would be put under a microscope. Pork-barrel spending, Congressional junkets, and other unjustifiable expenditures presumably would come to a stop.

SPECIAL INTERESTS OPPOSE FISCAL RESPONSIBILITY

The arguments in favor of a balanced budget amendment are well known. Most citizens recognize that it is immoral to spend today while leaving the bulk of the bill for our children and grandchildren. In addition to the moral argument, economists have explained how deficits also are a burden on today's economy, as government spending crowds out legitimate borrowing in the productive sector of the economy. Every time the government borrows a dollar, it leaves one less dollar available for consumers to finance auto loans, one less dollar a family can use to get a mortgage, and one less dollar businesses can use to finance economic expansion and job creation.

The myriad interest groups feeding at the public trough, however, are not persuaded by arguments on behalf of the public interest. If they were, they would not be riding on the federal gravy train in the first place. Special interest groups instead can be expected to use their well-honed lobbying skills to fight a balanced budget amendment. These groups, which already have demonstrated political clout by pressuring politicians to support various federal programs and pork-barrel spending, will pull out the stops to derail a balanced budget amendment.

Unfortunately, one of the first casualties in this battle will be the truth. Not that this should come as a surprise. Interest groups are not going to persuade Americans to oppose a balanced budget amendment by arguing in favor of subsidies, pork-barrel spending, and government waste. Big city mayors, for instance, are not likely to convince voters by arguing that a balanced budget amendment is bad because it would reduce subsidies to money-losing mass transit boondoggles they have created in their cities. Large farmers will not get much sympathy when they complain that a balanced budget amendment will reduce the amount of taxpayer money they get not to grow crops. Welfare lobbyists will not impress working Americans by protesting that a balanced budget amendment might restrict how much money people are being paid not to work.

Special interest groups cannot reveal their real reasons for opposing a balanced budget amendment. Politicians may be impressed with their arguments (after all, the groups have convinced politicians to create and fund the programs which cause the deficit), but others are not likely to be sympathetic. And make no mistake about it, voter outrage is driving the balanced budget amendment. Were it not for the 80 percent-plus support among the American people for a balanced budget amendment, the politicians would not be considering this long-overdue constitutional reform.

OPPONENTS TRY SCARE TACTICS

In an effort to defeat a balanced budget amendment, opponents are using every weapon in their arsenal. They assert that a balanced budget amendment would harm economic growth by restricting lawmakers' ability to use fiscal policy to stimulate economic growth. This claim, however, is based on now-discredited economic theories which argued that deficit spending is good for the economy. The work of Nobel Prize-winning economists such as Milton Friedman, Friedrich Hayek, and James Buchanan, in addition to many others, conclusively demonstrated the flaws of any theory which assumes that giving politicians and bureaucrats more to spend is good for the economy.

Perhaps more than anything else, however, the events of the last twenty years have proven that deficit spending is an economic burden rather than a blessing. Rising deficits in the late 1970s did not stimulate economic growth; nor have today's record deficits been associated with a booming economy. Instead, the evidence conclusively demonstrates that tax cuts and fiscal responsibility are the keys to economic growth, while higher taxes and deficit spending hinder job creation and economic expansion.

FRIGHTENING THE ELDERLY

Opponents of a balanced budget amendment are targeting various groups and segments of the population. They argue that a balanced budget amendment would wreak havoc, causing massive budget cuts if not outright repeal of the program being discussed. Underlying these arguments is the implication that the entire $300 billion-plus budget deficit would have to be eliminated next year. Not surprisingly, opponents have included Social Security and Medicare in this misleading campaign, implying that ratification of the balanced budget amendment will be a disaster for senior citizens.

These scare tactics are completely wrong. Assume that Congress approves a balanced budget amendment. Most experts believe that it would take at least a couple of years before the amendment is ratified by three-fourths of the states, as required. According to the amendment language, Congress then would have two years before the amendment would take effect. Since the balanced budget amendment is not going to take effect until at least 1999, Congress effectively has five years to bring deficit spending under control.

As the following table makes clear, balancing the budget by 1999 is not difficult. As a matter of fact, the budget can be balanced without cutting spending by one penny. Federal tax revenue is projected to increase from $1,244 billion this year to more than $1.6 trillion in 1999. This $375 billion revenue increase is more than enough to eliminate a $253 billion deficit. Indeed, Congress can balance the budget by 1999 and still be able to increase spending by $120 billion between now and then.

FUTURE BUDGET PROJECTIONS

[In billions of dollars]

	1994	1995	1996	1997	1998
Revenues	1,244	1,332	1,403	1,472	1,547
Spending	1,497				
Deficit	253				

Source: The Economic and Budget Outlook: An Update, Congressional Budget Office, September 24, 1993.

Any budget plan which limits annual spending increases to about $24 billion will be opposed by interest groups. These special interest organizations will charge that too much fiscal discipline will be harmful. The evidence suggests otherwise. As recently as 1965 that government spending actually fell from one year to the next. Nobody argues that 1965 was a disaster. Similarly, even though the federal budget was nearly nine times larger by 1987, federal spending that year grew by "just $13.6 billion. Contrary to what some would predict, the economy proposed and there was no indication that the fiscal discipline actually harmed anyone.

WHAT ABOUT BUILT-IN SOCIAL SECURITY AND MEDICARE SPENDING INCREASES?

Balanced budget critics will be quick to point out that the cost of programs for the elderly are projected to increase by considerably more that $24 billion annually between now and 1999. Social Security recipients receive annual cost of living adjustments, for instance, and both Social Security and Medicare are expected to expand because the elderly population is expected to climb. All this requires more money. Does this not prove, they argue, that a balanced budget amendment is poison to senior citizen programs? Not at all! Consider the following scenarios:

Scenario #1: Full Funding of Social Security and Medicare.

Assume that lawmakers choose to balance the budget by imposing discipline on every program with the exception of Social Security and Medicare. According to Congressional Budget Office projections, these programs, if unchecked, will expand by a total of $195 billion between now and 1999. Recalling from the previous table that tax revenues are also expected to expand considerably, the net effect of fully funding Social Security and Medicare is that all other spending must decline by a grand total of $75 billion. Even in Washington, $75 billion is a lot of money, but all that would be required is for all other programs to shrink by 7.4 percent over five years. Is it really that draconian to put government on a diet where programs have to shrink by less than two percent annually? American families and businesses facing hard times do it all the time.

Consider, however, that the defense budget already is expected to shrink because of the collapse of communism. Defense spending, which is about $275 billion this year, will decline to somewhere around $250 billion according to the Congressional Budget Office. So, of the $75 billion in required budget cuts, at least $25 billion will be achieved through the peace dividend.

What about the remaining $50 billion of budgets cuts that would be required between now and 1999? That number may still sound big, but the Congressional Budget Office projects that declining deposit insurance experiences will make up some of that gap. The federal government will spend $14 billion to bail out the Savings & Loan deposit insurance system this year. After the government takes over all the insolvent S&Ls, however, Uncle Sam actually will begin to make money as the assets of the seized financial assets are auctioned off. Under current projections, the $14 billion cost this year will disappear next year and by 1999 the federal government will actually be collecting $4 billion from asset sales.

The $18 billion shift in deposit insurance spending will measurably ease the alleged burden of complying with a balance budget amendment—even if Social Security and Medicare are fully funded. Indeed, once falling defense and deposit insurance numbers are taken into account, all that will be required between now and 1999 are $32 billion of genuine budget cuts. In other words, the federal government can balance the budget, fully fund Social Security and Medicare, and only have to cut other spending by less than $7 billion annually. Some crisis!

Scenario #2: Limit Medicare Spending Growth to Twice the Rate of Inflation.

Supporters of other government programs will be quick to complain if programs benefiting senior citizens are completely untouched while other programs effectively are precluded from getting budget increases. That position can be defended. After all, the Social Security program is running a cash surplus of $28 billion this year and that surplus is expected to grow to more than $40 billion by 1997. Nor is Social Security spending growing that rapidly, with annual increases between now and 1997 expected to average less than 5.2 percent.

Seniors, though, have never argued that their programs should be completely exempt. Indeed, seniors are very cognizant of the moral arguments against deficit spending, and do not want to leave a deteriorating economy to their children and grandchildren. The concern among the elderly is that they not bear a disproportionate share of the deficit reduction burden. So long as other interest groups are being subjected to fiscal discipline, seniors will contribute their fair share, particularly from the Medicare program.

Medicare is one of the fastest growing of all government programs, with annual spending increases expected to average more than 10.5 percent—over three times the expected rate of inflation. If Medicare spending growth was limited to twice the rate of inflation, something market-based reforms could accomplish without compromising the quality of care, the government would save $49 billion by 1999. Combined with already expected declines in defense and deposit insurance outlays, these modest Medicare savings would still allow Medicare spending to grow twice as fast as inflation, full funding of Social Security, and $17 billion higher spending for other government programs.

CONCLUSION

Government policy makers will have the ultimate responsibility for choosing how to comply with a balanced budget amendment. As with any strategy that relies on politicians, there is some risk. Legislators, for instance, could evade the intent of a balanced budget amendment by raising taxes, causing suffering for all Americans because of a weakened economy. Legislators could choose to attack programs for senior citizens, though few, if any, observers can foresee the circumstances under which legislators would find such an approach popular.

Instead, a balanced budget amendment is likely to lead to an outcome similar to that outlined in Scenario #2. Legislators will take advantage of the projected $373 billion increase in tax revenues to achieve the bulk of deficit reduction. Already scheduled declines in defense and deposit insurance spending will provide $43 billion of additional deficit reduction.

The real question will be how legislators decide to limit the overall growth of remaining government programs. In the final analysis, programs for senior citizens are unlikely to be completely unscathed, but it is realistic to assume that the overall benefits of a balanced budget amendment to senior citizens (and their heirs) will greatly outweigh the minor costs it imposes.

Mr. CRAIG. Mr. President, with all its lack of enforcement, lack of definitions, lack of legislative history, and explicit exemptions, the Reid amendment is more loophole than law.

The National Taxpayers Union rapidly put together an analysis of the Reid amendment showing how much deficit spending it would, on its face, allow.

In the year 2001, the first year in which the real balanced budget amendment would be effective, and the first year in which the Reid amendment would be ineffective, the deficit under our amendment would be zero, while the Reid amendment would allow "off-budget" deficit spending of up to $200 billion.

By the year 2020, the Reid amendment would allow deficits of between about $200 billion and $800 billion. By the year 2050, which year is included in the projections of the Social Security trustees, Reid amendment off-budget deficits would range from about $2.7 trillion to $6.3 trillion.

These estimates count total investment spending as shown in the President's fiscal year 1995 budget and are based on alternatives II and III in the "1993 Annual Report of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Fund."

I want to emphasize: These are the off-budget deficits that the Reid amendment explicitly allows. These projections assume that Congress does not abuse the loopholes that the Reid amendment would give it. This is the best-case scenario under the Reid amendment.

Finally, I want to touch again on inclusion of the Director of the Congressional Budget Office in the Constitution, under the Reid amendment.

Think of this: The most timeless document of governing principles, enshrining fundamental rights and creating a compact between a great people and their Government. It contains the once-novel, now revered, system of checks and balances, in which no one branch of the Government can attain supremacy and thereby threaten the liberties of the people. And it specifies the powers and responsibilities of the executive, the legislative branch, the judiciary—and, in a couple of areas, the Director of the Congressional Budget Office.

The Congressional Budget Office is the figment of the imagination of 50 percent-plus-one of the Members of Congress. It doesn't belong in the Constitution.

The Director of CBO is a political appointee of the congressional leadership. Thankfully, those appointments up until now have been relatively nonpolitical. But once the Director of CBO would have sole power under the Constitution to declare recessions and suspend part of the Constitution, that office either would become the fourth branch of government or be turned into a political football of Super Bowl dimensions.

The Senator from Nevada quoted Justice Marshall, in McCulloch versus Maryland, as warning against overcomplicating the Constitution. Senator REID's amendment contains some thoughtful ideas. Some of them, I would agree with, as part of a statute. But proposed as a part of the Constitution, his is the amendment that departs from Justice Marshall's admonitions.

I know the Senator is in sincere agreement with the contents of his amendment, but they are more appropriate to the debate over technical, implementing legislation, not a constitutional amendment. We should defeat the Reid amendment, and we will.

Once we do, we will have left before us the amendment worked on for years by Senators SIMON, HATCH, THURMOND, DECONCINI, and myself; Members of the other body like Representatives STENHOLM, SMITH, INHOFE, KENNEDY, and SNOWE; other Members of both bodies; outside public interest groups, constitutional scholars, and economists.

That is the bipartisan, bicameral, consensus version. That is the real balanced budget amendment. Despite some of the debate we have heard over the last couple of days, that the only amendment with a chance of passing both bodies. In fact, just last Thursday, that was the amendment discharged in record time and scheduled for floor debate as early as March 14 in the other body.

I urge my colleagues to defeat the Reid amendment and then to support the bicameral, bipartisan consensus amendment.

Because my time is limited and I have had opportunity to talk and there are others who are waiting to talk, let me cover a couple of brief points before I conclude.

There has been a great but frankly very confused debate on Social Security. Anybody observing will hear all kinds of allegations made about what is or is not going to happen to Social Security. The Simon-Hatch-Craig amendment leaves it in the budget. The Reid amendment takes it out of the budget. It is safe. It is secure. The bottom line is Social Security today is very secure and it is secure for the foreseeable future and Congress is handling it in a responsible fashion.

What is at question is the future in the year 2024. That is when the reserves are ultimately used up and the outgo begins to outpace the reserves. If at that time our budgets are not in balance and our debt is $9 trillion or $10 trillion, or more, is the American public going to be able to afford the new revenue necessary to fund this line here or will future citizens simply and clearly say, "We cannot afford it?" And it is at that point that we begin to see dramatic changes in Social Security. If the Reid amendment passes, this line stays intact, this line stays intact, and we mount a huge deficit incapable of responding to the very real human requirement required in this graph and with this statistic.

We can afford Social Security today because we are a rich nation. If we mount a debt of $9 trillion, if we are paying out $800 billion or $900 billion a year in interest we are no longer rich. We are very poor, and as a poor Nation can we, in fact, afford those responsibilities?

I am offering for the RECORD what is known as analytical perspectives. That is a volume of the President's 1995 budget, and the question there is capital investment an issue inside the Reid amendment and wholly undefined as to what it may or may not be, and it becomes increasingly important to understand if we understand the debate.

The President's budget lists the following investment expenditures: $89 billion, physical capital; $68 billion, research and development; $34 billion grants to States for local physical capital; $42 billion for education and training. The Clinton administration says that is an investment. Is that the kind of investment that Senator REID proposes? We do not know. No hearings, no facts, no way for this Congress, this Senate to make a wise judgment on a last-minute effort to create an alternative to a document that has been 10 years in to making, and as I said with over 3,000 pages of testimony pro and con as it relates to the Simon-Hatch-Craig amendment, the basis from which it was established and why we argue the point of view that we argue today.

Mr. President, that is the essence. There is a clear alternative today. If you do not want a balanced budget amendment to pass, if you find that it is not within your philosophy or your desire to see a change in the environment in which we budget and therefore the outcome of the budget process, then I would suggest you vote for the Reid amendment and that the record shows and that the American people know that that is exactly the choice you make, that you are not willing to make the tough calls, you are not willing to address the current deficit debt problem and you are not willing to say to your grandchildren we are now today starting to build an environment in which your future will be strong and your opportunity will be exciting.

There is an alternative, and the alternative is the Simon-Hatch-Craig amendment, an amendment that says all things are on budget, there are clear bounds by which the public can judge as to our performance and our process. It leaves the responsibility of developing the new budgetary mechanisms inside the amendment to the Congress as it should and it says to the court, as it should, judiciary, you, like in all other instances within the Constitution of our country, have a right to determine whether acts of this Con-

gress are or are not constitutional, but you do not have the right to tell them then how to become constitutional.

We have assured that because we do not want the courts raising taxes. We do not want the courts prescribing budgets. But the American people deserve to know that there is an enforcement mechanism within what we are about today. There is not within the Reid amendment. In fact, the only enforcement mechanism that makes realistic sense is that the Reid amendment will create such a jungle of the budget process that ultimately it will collapse and the American people frustrated by it will turn back to Congress to solve the problem.

My last graph. If we take the percentage of the Clinton budget today that is off budget and we extrapolate rates of increase as projected in the Clinton budget, we come up with a phenomenal off-budget debt structure that is proposed within the Reid amendment.

Mr. President, I would not want to tell this Senate, or anyone watching, that this is an accurate chart. It is a projection based on what we believe to be the reality of the Clinton budget—as we can interpret through the Reid amendment—investment off-budget capital expenditure to be.

The reality is debts well beyond——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SIMON. I yield my colleague 2 additional minutes.

Mr. CRAIG. My conclusion is this, and this chart dramatically shows it. If I can accept the concept of capital budgets based on the investment scenario of the Clinton administration, then these kinds of conclusions can be drawn.

All of us know we would not create a whole new debt structure worth trillions upon trillions of dollars knowingly. So what it merely speaks to is the inability of this Congress to understand the Reid amendment or what the Senator from Nevada is trying to say.

There are no questions and there is no doubt within the Simon-Hatch-Craig amendment. All of the scenarios have been played over the last decade. All of the questions have been asked and all of the answers are available.

The judgment you make today on the Reid amendment and the judgment this evening on the Simon-Hatch-Craig amendment can in fact be an informed decision toward a true balanced budget and a new chapter, a new amendment in our Constitution that is clear and profound in its directives to the Congress of the United States.

I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, the most direct, concise statement made during the last two presentations was the statement made by my friend from Idaho that this was not an accurate depiction of the Reid substitute. And that is true.

What we have been dealing with here, in the last two statements, is make believe. The fact of the matter is that the Reid substitute is of the same vintage as the Simon amendment. The Simon amendment was introduced 5 days ago.

Remember, they keep changing it. Even though they have had 3,000 pages of hearings—it has been around 10 years—they changed it 5 days ago. Why? Because it is a faulty amendment and they tried to correct it to pick up a few extra votes. But it still was not enough. The amendment is a bad amendment.

My friend from Utah, and I guess following the Late Show With David Letterman, put forth his 10 points as to why he did not like my amendment. Recognize that not once was there an insinuation, a suggestion, or a contemplation or a remark about Social Security. Why? Because they know that Social Security would be devastated with the Simon amendment, as indicated by Mr. Ball, who was director of the Social Security Administration during three Presidents, when he said among other things, "I believe it [the Simon amendment] would put at great risk—" everyone listen to this—"would put at great risk the monthly benefits of 42 million people who are currently receiving benefits and the benefits of millions more who are working and building credits for future benefits."

That is why it was not in the Late Show With David Letterman 10 points why he does not like the Reid amendment. Because he could not talk about Social Security. He could not refer to Social Security because the Simon amendment devastates Social Security. The Simon amendment is a new amendment. It is of the same vintage, the same age as the Reid amendment. They were both introduced on the same day, in spite of 10 years and 3,000 pages.

The Senator from Utah still complains, as he did the other day—this time I respectfully request that he listen to what I said. I will say it again. The Senator from Utah complains that my amendment allows Congress to delegate the power to make across-the-board cuts to a congressional officer. The Senator from Utah is correct when he says this is intended to overturn the decision of Bowsher versus Simon. The Reid amendment would allow Congress to provide by law that a neutral third party, the Comptroller General of the United States, could referee across the board. This is the same compromise Congress embraced in the 1985 Gramm-Rudman Act of which the Senator from Utah was one of the major proponents.

Mr. HATCH. Will the Senator yield?

Mr. REID. The Senators from Utah and Arizona complained my amendment delegates powers to an unelected official, the Director of CBO, to make economic determinations.

Mr. HATCH. Will the Senator yield on that point?

Mr. REID. The point of that provision is to provide that a nonpartisan, unelected official could make that decision. That seems totally reasonable. But I find it amazing that the Senator from Utah complained of ceding powers to unelected officials. In testimony before the Budget and Appropriations Committees, respected constitutional scholars testified that the Simon amendment granted the President increased impoundment powers. Section 5 of my amendment ensures this will not happen under my amendment.

You see, Mr. President, my amendment preserves what the framers of the Constitution wanted. They wanted separate but equal branches of government. The Simon amendment makes them unequal and gives all the power to the executive branch.

I yield on Senator SIMON's time since my colleague is out of time.

Mr. SIMON. I will be pleased to yield 3 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is yielded 3 minutes.

Mr. HATCH. I just hasten to point out that when the Gramm-Rudman-Hollings bill came up, I was consulted by both sides, in both the House and the Senate, and they asked us whether we thought that provision would be constitutional. We told them we did not think it was.

Frankly, we advised them not to go that route, but the House insisted on having congressional control over the budget process through the Comptroller General. As we all know, the Bowsher case confirmed what I suggested would happen.

I am saying again today that we will be flying in the face of 200 years of separation of powers doctrine and constitutional law, to go the way that the distinguished Senator from Nevada would have us go. I think it would undermine the separation of powers principle and, I think, cause people all over the country to fight his amendment, even if it had a chance of passing, just because of that one point.

I reserve the remainder of my time.

Mr. REID. Mr. President, I appreciate the statement of my friend from Utah. We have a simple disagreement based on the record before this body and constitutional history of this country. It is a disagreement that I think that those on the other side of the aisle should listen to.

I think it is irresponsible for the Members on the other side of the aisle to say that they are going to vote against my amendment. The only hope we have of having a constitutional amendment is that we have some of our friends on the other side of the aisle join in supporting the Reid amendment. Otherwise, we are going to walk out of here today with no amendment from anyone, and we will be right

back where we started, which I think would be a disservice to the American people.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. Mr. President, I yield myself 3 minutes, and then I will yield to my colleagues.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, first, two points made by my friend—and he is my friend—from Nevada, Senator REID, on the language of our amendment. We have gone over this carefully in all kinds of hearings. The only language change is the Danforth language on judicial involvement, and that was done very carefully.

Mr. President, some heard Senator DANFORTH speak on the floor saying he checked that language with people as varied as Judge Bork, on the right, and Prof. Laurence Tribe of Harvard. We also checked this out with constitutional authorities. It was very, very carefully done. When we are dealing with a constitutional amendment, we ought to do it carefully. There have been no hearings on the Reid amendment. It is hastily put together. It is obvious from the language it is hastily put together.

On Social Security, it is ironic, Mr. President, because in the Budget Committee, I have been the leader in terms of defending Medicare for Social Security recipients. The chief actuary of the Social Security Administration for 23 years, Robert Myers, has written me a letter saying the most important thing we can do to protect Social Security funds is to pass your amendment. The reality is the great danger is monetizing the debt, printing money if we just keep piling up this debt. If we go that route, Social Security trust funds are going to be devastated. Our amendment protects Social Security, and no other amendment protects Social Security.

Second, in terms of Social Security long-term—and I have indicated to Senator DORGAN, who is very much concerned about this, I am willing to work out a statutory change here long term—this amendment does not deal with the fact, as Senator CRAIG was pointing out, in the year 2024 Social Security starts to go into the red. We have to protect people who are 35 years old today, who will be totally dependent on that; or someone 50 who, in the year 2024 will be 80 years old. That person 50 years old should be concerned. Our amendment protects them.

So in this general area of Social Security, if you are interested in protecting Social Security, vote for the amendment which Senator HATCH and I have proposed.

I would like to yield 10 minutes now to the Senator from Georgia, Senator COVERDELL.

The PRESIDING OFFICER (Mr. BREAUX). The Senator from Georgia [Mr. COVERDELL] is recognized for 10 minutes.

Mr. COVERDELL. Mr. President, I thank my colleague from Illinois. I rise in support of his, and others, balanced budget amendment and in opposition to the amendment of the Senator from Nevada [Mr. REID].

I would like to just make several comments with regard to what I view has turned into three spears at the amendment, three arguments that are being consistently made against the balanced budget amendment.

First, we have heard for weeks that the balanced budget amendment, as offered by the Senator from Illinois and others, is a gimmick. Let me just say that I think that argument has been rendered moot by the intensity of the lobbying to defeat the amendment.

Clearly, if all the sectors who have so vigorously opposed this amendment thought it was but a gimmick, we would simply let politics be politics and go home. But, indeed, that has not been the case. Throughout the Nation, we have had such an intense effort to characterize and belittle the amendment, first classifying it as a gimmick.

It is not a gimmick. It is the first serious attempt on the part of this Senate and the people of this country to bring into control runaway debt that will bring this Nation to its knees. We have stood off so many enemies around the world: Hitler, Saddam Hussein, Khrushchev, Stalin—stood them down. But we are in danger of failing by our inability to manage our own affairs at home. This is not a gimmick.

Second, there is a scholarly argument. We have heard repeated references to the fact that it is diminishing the power of the legislative branch and strengthening the power of the executive branch.

The ultimate authority in our democracy rests with the people. The legislative branch is the peoples' branch. The American people have told us in the loudest terms that they expect us to seize control of the financial health of this Nation; 32 States of the Union have already passed resolutions calling for a Constitutional Convention to address the subject of balancing the budget, only 2 States away from the convening of that convention.

The American people, by anyone's poll, three out of four, are in support of the Senator's balanced budget amendment. The American people are where the final power rests in the United States, and they have said loudly that they want a balanced budget to be put in place. They have spoken in every way they know, and they are calling upon this Senate, this Congress, to impose new rules of the road to gain control of the financial health and security of the United States.

The third argument is that we need to be just responsible; that the leadership of the Congress simply needs to do what is right: To seize control of the financial abuses that we have seen over the last 30 years.

Since this amendment was first voted on in 1982, we have responsibly added another trillion dollars in debt. Then 3 years later, we voted on it again and we heard the arguments—"We just need to be responsible"—and we added $2 trillion more in debt. Then on the last vote, we heard that same argument—"We just need to be responsible"—and we added another trillion dollars in debt.

By the President's own budget numbers, before this term has been exhausted he will have added another trillion dollars in debt. The debt right now is nearly $5 trillion, and by 1996 it will be nearly $7 trillion. The Senator from Idaho talked about the debt that may be approaching, after the turn of the century, $9 trillion or $10 trillion. We will have passed that long before we get to the turn of the century at the pace we are going.

The argument that we need just be responsible has been totally rejected and ridiculed by our own behavior, as we have added $1 trillion, then $2 trillion, another trillion dollars and now another trillion dollars in the face of the arguments that we just need to be responsible.

A gimmick? Absolutely not, proven by the intensity of the effort to defeat it. The scholarly argument that it is a divestiture of power in the legislative branch; the power in America rests with the American people and they are asking the legislative branch to impose this restraint. The argument of being responsible leadership has been proven by the behavior of the Congress over the last two decades. We need a balanced budget amendment. We need new rules of the road.

My final comment deals with the executive branch. If this balanced budget amendment fails, and I am fearful that it will, I believe that its failure will rest directly at the feet of the President of the United States and of this administration because even though coming from an election that called for new restraints on the fiscal behavior in Washington, the President has engaged in a wide-open battle to defeat the balanced budget amendment. In this very close vote, that in my judgment will have been the final difference. That will have been the final difference.

Mr. President, the American people have spoken. They want a balanced budget amendment.

Mr. President, I yield my time back to the Senator from Illinois.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I yield 5 minutes to the Senator from North Dakota.

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

Mr. DORGAN. Mr. President, I have listened somewhat this morning, as I

have been in meetings, and as I had an ear tuned to the television set, it occurred to me we are doing the least productive thing we could possibly be doing here this morning in the Senate, and that is spending a lot of time debating about which constitutional amendment is better than the other.

Both of these constitutional amendments have merit. I intend to vote for the Reid amendment, and if that fails I will likely vote for the Simon amendment. It is not a case where one side walked down from the mountain with tablets of stone and said: This is the only amendment that has merit; this is the only amendment that is worthy; and this is the only amendment that will work. It is just wrong.

That chart—read the fine print—is wrong. It is wrong. That is not the Reid amendment. If the Reid amendment passes, we will be better off than we are today, in my judgment. And I will bet you this. If the Reid amendment were the only constitutional amendment on the floor of the Senate today, it would pass. If the choice was do we support the constitutional amendment offered by Senator REID versus the current situation, I think this body would likely pass it, or at least be very close. We should not be in a situation where more than enough Members of the Senate support a constitutional amendment to pass it, but we end up not passing it because we exercise all of our energy spending time in the Chamber talking about which is worse.

Now, I read a lot of respected writers and thinkers who say we should not do a constitutional amendment to balance the budget.

There was a time in my life when I thought that was the case, but you get to $4.4 trillion in debt, spending $1 billion a day on things you do not need, and at some point you wonder about your children's future and you wonder whether we can continue, under any condition, to believe that spending resources that are not ours will do anything but injure this country's future.

The Senator from Nevada does a service to this body by offering this amendment. It is a good amendment. I will not go into great detail about Social Security, but this amendment has the Social Security amendment which I was proposing to offer to the Simon proposal. That is the right amendment.

Now, if the Reid amendment does not pass—and I am going to support it—is the Simon amendment fatally flawed because it does not have it? No, it is not fatally flawed. We can impose a higher standard later, and we can discuss that this afternoon if the Reid amendment does not pass.

But I think, listening to the discussion in the Chamber, we are in the worst possible position. Those of us who honestly believe we should do something to deal with this crippling deficit and this crippling debt, which so injure this country's future, are reduced to spending our time figuring out how we can divide votes between two proposals in a manner that may allow neither to succeed.

I believe we will be better served today if, at the end of the debate, we have advanced a constitutional proposal to ratchet up the pressure, yes, on Congress, and also the American people, to reconcile among all of us in this country that which we spend with the resources we have to spend, and decide how we are going to balance those in some reasonable fashion.

I have said it before—let me say it because it bears repeating—I would not lose a minute's worth of sleep and I would not care one bit if we spent $500 billion this year that we did not have and added it to the deficit if, with that expenditure, we cured cancer. It would be a bargain.

But that is not what this deficit is about. This deficit is not about some unusual investment that is going to yield enormous potential rewards. This is a structural operating budget deficit that represents a permanent, continual imbalance between what we raise and what we spend, and the Congress and the American people have conspired together in a way in our political system that prevents us from dealing with it. This constitutional amendment, no matter what one thinks of it, will add to the pressure that we reconcile what we spend with what we raise, and that we begin to assure a better economic future with economic growth and hope and opportunity for our children once again. That is what this debate is about.

I just wanted to come over again to say we ought not be spending most of these hours arguing that one is awful and one is better. Either of these will advance the interests of requiring reconciliation in our fiscal policy so that it is a fiscal policy that promotes growth and opportunity, not danger and despair and decline.

Mr. President, let me thank the Senator from Nevada. As I have said, I intend to support him. If that does not prevail, I will be on the floor in a colloquy with my friend from Illinois who, I think, also has served this body's interests and served the country's interests by proposing a constitutional amendment to balance the budget.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. Mr. President, I yield 5 minutes to the junior Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. KEMPTHORNE. Mr. President, I thank the Chair. I also want to thank the Senator from Illinois and the Senator from Utah and the Senator from Idaho for their leadership in this effort.

We have heard all these numbers discussed the last 4 days: The fact that the debt is $4.4 trillion, the fact that our Federal budget spends $1.5 trillion each year. All these numbers, how do we boil them down so all Americans can truly understand what is taking place? Many of the speeches this morning were 10 minutes in length. In 10 minutes' time, we will pay $5.5 million in interest payments in this Nation. If we did not have to pay this interest, that would equate to adding 100 police officers to State and local governments. In just 10 minutes' time, that $5.5 million that we are spending in interest would pay to immunize more than 45,000 children. It would provide a year of Head Start for almost 1,500 kids.

In the 4 days that the Senate has debated the balanced budget amendment, we have paid $3.2 billion in interest. That $3.2 billion could have reduced taxes $40, $40 for every taxpaying family, $10 a day. We are talking real money.

George Washington and Thomas Jefferson feared that this day might come. In his Farewell Address to the Nation, President Washington warned Congress to cherish public credit, to use it as sparingly as possible, avoiding occasions of expense. And Thomas Jefferson, one of our Founding Fathers, who believed so strongly in a balanced budget, said that it was so important as to place it among the fundamental principles of Government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Mr. President, in the roughly 1 year that I have been a Member of this body, I have seen a number of occasions when we have had opportunities before us to cut the size of the Federal Government, when we have had opportunities to reduce taxes, and on virtually all of these occasions, we just miss. We come close. Then we have another opportunity to vote to reduce the size of the Federal Government, and it is a different coalition of Senators that forms, so that in time we establish a record that, yes, we have all been supportive of trying to reduce the Federal Government, trying to reduce taxes. But the net result is, it is not happening; it is not working.

The balanced budget amendment as offered by Senators SIMON, HATCH, and CRAIG is tough medicine; it is not necessarily easy; but the illness of the national debt requires that type of medicine. We need to do it because in all of the other efforts—and we have heard them eloquently discussed—we always come just a little bit short. And so we need to have the balanced budget amendment so that the law of the land is that we do not live beyond our means as a government. Families cannot do that, individuals cannot do that because, if they do, then they find themselves on the brink of bankruptcy.

I would just like to add that as I have listened to the argument and the

points raised by the Senator from Nevada, I respect the Senator from Nevada. I respect everyone that is taking part in this debate because at least we are focused on the fact that something has to happen. But please let us reject the status quo. Let us make a difference. Let us not walk away from this opportunity to do what the American people are asking us to do as the representative body, and that is to vote for the balanced budget amendment as offered by the Senators from Illinois, Utah, and Idaho. That is the medicine that is required to cure this national debt.

I yield my time.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I yield 15 minutes to the senior Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I thank my friend from Nevada for yielding to me.

Mr. President, I rise today in support of the Reid alternative amendment. I think Senator REID offers a different, a fairer, and a more enforceable balanced budget amendment. The amendment offered by our friend from Nevada excludes the Social Security trust fund from the budget, and, in so doing, he exempts Social Security from any program cuts that might be needed to enforce the balanced budget stricture.

This balanced budget amendment vests in the Congress and the President the exclusive responsibility for implementing legislation that produces the necessary deficit reduction. It removes the ambiguities that might create a court-ordered fiscal policy. I think it would be the height of irresponsibility for this U.S. Senate to hand over to the judicial branch the decisions about how the budget of the United States and the business regarding the budget of the United States are to be conducted.

As a matter of fact, Mr. President, I think that would be a gross violation of the balance of powers in the Constitution. But the Reid amendment mandates that the Federal Government balance its books. It mandates that it do so in the same way that the States do—separating operating budgets and capital budgets.

This process safeguards needed investments that will yield long-term benefits to the Nation. And the Reid amendment provides flexibility to prevent the Government from converting minor economic slumps into recessions, or from converting recessions into major depressions. This protects us from unintended counterproductive fiscal actions that without the Reid amendment I think our economy would be subjected to.

But today I want to focus my remarks almost exclusively on the importance of protecting the Social Security Program under the balanced budget amendment.

As my colleagues know, Social Security was established in 1935 to protect the economic security of working people. And millions of our senior citizens, millions of disabled workers, and their survivors depend on Social Security for a major portion of their income.

Social Security touches the lives of virtually every American of all generations. More than 41.5 million people in this country currently receive Social Security. Twenty-five percent of all of the families in this Nation receive Social Security. And the overwhelming majority of these people are citizens of very modest means indeed.

The Social Security Program, perhaps more than any other program of this Government, represents a solemn trust obligation between American workers and the Government of the United States. Social Security is widely perceived as a successful program and has tremendous popular and political support as well it should.

There are some who, because they mistake Social Security for a so-called "entitlement" program, believe that Social Security ought to be cut; that its benefits ought to be reduced to reduce the Federal budget deficit. I categorically disagree with that characterization, both with the statement that Social Security is a simple Government transfer program, and with the notion that it is part of the deficit problem.

Make no mistake about it. Social Security is not a simple entitlement program. It is part of our fundamental social insurance system. Social Security is an earned benefit. You have to work. You have to pay into the system to earn Social Security. There is no entitlement. You have to work for it, pay for it, and pay into the system.

Social Security is not a welfare program. People who work pay into this system. In return, those workers and their families are guaranteed benefits upon retirement, injury or death. Employee and employer contributions are paid into a special trust fund, and those funds are to be used only—only—to pay Social Security benefits.

Social Security is almost entirely self-financed from these contributions coming in from workers and employers. The program receives virtually no Federal subsidy. The Federal Government only pays into the program the Federal Insurance Contributions Act taxes that are owed for Federal employees, and it repays interest that is owed to the program when the Treasury borrows from the Social Security fund. Even the administrative costs of running the program are paid for from the employee and employer contributions.

Let us be clear about this. Social Security is not contributing to the budget deficit in any way whatsoever. The reverse is true. Social Security is building up reserves. Social Security pays out every year less than it takes in by way of contributions. And this is no accident. Congress intentionally created this surplus in Social Security in response to funding concerns and because we recognize that our population was aging, putting new strains on the Social Security system.

In 1983, Congress and President Reagan appointed a blue ribbon commission, chaired by now Federal Reserve Chairman Alan Greenspan, to review the problem that Social Security was perceived to be developing in the outyears, and to make recommendations. At that time, significant changes were made to the program, and it was restored to financial solvency.

Since that time, in 1983, when we adopted the report of the blue ribbon commission on Social Security, we have been building up surpluses, or reserves, in the Social Security system, to make sure that funds will be available to pay benefits.

The Social Security Board of Trustees projects that these reserves will grow substantially over the next decade, accumulating more than $1 trillion in assets by the year 2003.

These funds are going to be needed to pay retirement benefits for the baby-boom generation. The large group of Americans born after World War II will begin to retire in the middle of the next decade and start to draw down the reserves that we are building up now in Social Security.

So the reserves continue to build until the year 2003, and then they will be needed to meet the program's obligation to retirees of the future.

Under current projections, reserves should be able to pay benefits through the year 2036. It is true that spending under Social Security continues to grow for the foreseeable future, but its growth should not be a subject of law, because the growth in Social Security spending is projected to be steady relative to the economy as a whole. Contrast that to health care spending, which is one area of the budget that is predicted to grow faster than the economy as a whole. Over the next few years, in nominal terms, the economy is slated to grow at about 5.5 percent; that is in nominal terms, not real terms corrected for inflation. In nominal terms, health care is subjected to growth by 11 percent. So that is where your problem is—in health care growth. That is what is driving these deficits.

It is also true that the reserves are currently being borrowed to finance other Federal spending. In fact, one major reason to bring the budget into balance is so that we will actually be able to save the Social Security funds in order to meet the obligations to future retirees. That is why I worked very hard to obtain budget agreements in 1990, and again in 1993, to bring

about significant deficit reductions, and that is one of the primary reasons I support a balanced budget amendment. But, Mr. President, make no mistake about it, these deficits are coming down. They are going to continue to come down both in nominal dollars and in relation to our debt and in relation to the gross domestic product.

We will reduce the deficit by 40 percent from projections over the next 3 years. And for the first time, we will have a string of deficits coming down for three successive years—the first time since Harry Truman was President. Bear in mind that Harry Truman, as President, was presiding over a nation coming out of World War II, a time in which we ran absolutely unprecedented deficits in proportion to our gross domestic product.

Let me give my colleagues an example of what I am talking about. In 1945, for example, the national debt of this country stood at 110 percent of gross domestic product. We had accumulated that extraordinary debt over a period of 4 or 5 years as we successfully fought to the conclusion of World War II. As I speak to you today, debt stands at about 52 percent of gross domestic product. It has been coming up in recent years after having been going down for a number of years, until we reached the oil shocks of the 1970's, and finally the irresponsible fiscal policy that we engaged in during the 1980's.

But we must not try to deal with the deficit problem by reducing Social Security benefits, by cutting Social Security, or robbing the Social Security trust fund. We have to look at the Social Security Program as a long-term commitment to the working people of this Nation. It is shortsighted to view it only in the context of our current budgetary situation. While the Social Security Program is solvent now, and will be well into the future, we have to make sure that it will be able to pay benefits for the 132 million people who are paying into the system today. We must not do anything to jeopardize the confidence of the American people that the Social Security Program will be there for them when they need it. We want it to continue to be there, because it has worked.

We hear a lot about Government efforts that fail. Nobody talks very much about Government efforts that succeed. I want to recite some positive numbers about the Social Security Program. Over the last 35 years, poverty among the elderly has been reduced from 35 percent at the poverty line or below, to just 13 percent. That is progress. That is a program that works. The actual number of seniors living below the poverty line has declined by nearly 2 million since 1959. That has occurred even though the elderly population has nearly doubled to more than 32 million people. Even Pete Peterson, the Secretary of Commerce in the Nixon administration, and President of the Concord Coalition, and has written extensively on entitlement programs, concedes that entitlement spending prevents some 20 million Americans—half of them elderly—from falling into poverty. The program that protects the majority of the elderly from poverty is Social Security.

In fact, the American Association of Retired Persons estimates that nearly 45 percent of all seniors—nearly 45 percent of the elderly in this country—would live in poverty if there were no Social Security Program. In the past, some people have suggested we could save money by eliminating or cutting back on the cost-of-living adjustments, the so-called COLA's. I have steadfastly resisted those efforts to cut back on the cost-of-living adjustments. These are the payments that make up for the loss of purchasing power that occurs because of inflation and price increases. Eliminating these cost-of-living adjustments would push a half-million of our elderly into poverty and reduce the standard of living for more than 41 million of our fellow citizens.

On the other hand, some have advocated means testing for Social Security; that is, the benefits would only go to those in the low-income bracket. If Social Security is subjected to a balanced budget amendment, I submit that means testing would be a very likely outcome. What would this mean for the future of the program and its ability to reduce poverty among the elderly and disabled and their families? Advocates of means testing argue that because we are running a budget deficit, we can no longer afford to pay benefits from the Social Security fund to middle-income people.

I dispute that argument on four separate points.

First, Social Security is not causing the deficit. It is fully self-financed and is in fact running a very substantial surplus.

Second, The average Social Security benefit is not making people rich. It barely helps most retirees make ends meet.

Mr. REID. Parliamentary inquiry. How much time does the Senator from Illinois and the Senator from Nevada have?

The PRESIDING OFFICER. The Senator from Nevada controls 6 minutes. The Senator from Illinois controls 15½ minutes.

Mr. REID. I yield 5 more minutes to the Senator from Tennessee.

Mr. SASSER. More than 70 percent of all Social Security beneficiaries have annual incomes of $30,000 or less. Asking these people—the retired elderly, 70 percent of whom make $30,000 or less—to give up some of their benefits could create very real hardships. Even middle-income seniors rely heavily on Social Security as their primary source of retirement income. More than half of all the people over age 65 rely on Social Security for at least half of their income, and nearly one-quarter of them rely on Social Security for 90 percent or more of their income. Without that income from Social Security, many would have a very difficult time meeting their expenses indeed.

Third, the reason I would oppose means testing for Social Security is the benefit structure is very strongly progressive so that lower income beneficiaries receive a significantly higher percentage over their earned income back in benefits. The program provides much greater returns to those who are at the lower end of the economic ladder. Also, as of 1984, the benefits to wealthier recipients are subject to a Federal income tax. Just last year the portion of benefits that is taxed increased from 50 percent to 85 percent, and this has had the effect of reducing the benefits for wealthier beneficiaries. One in five beneficiaries currently pays taxes on benefits.

Fourth, the reason I would oppose means testing for Social Security is that if higher income beneficiaries no longer receive any benefits from Social Security, then they may no longer be willing to pay into the system. If these individuals demand to opt out of the system, the program would experience a serious funding shortfall and replacing this revenue would be very difficult, involving either major tax increases or cuts in other programs. Finding an alternative way to support lower income seniors and disabled individuals and their families would be very, very difficult indeed.

I predict, if we moved into a program of means testing Social Security, over the long run that would mean the death of the program. It would mean the death of Social Security. Upper income individuals would say, since we do not pay into it any longer, we do not like the program, we think it ought to be abolished. It would take on the character of a welfare program, and sooner or later Social Security would disappear from the American economic scene.

Then the young people would have the obligation of going back to where we were at the turn of the century—taking care of their elderly parents. I wonder how many young people now have thought about what would happen if Social Security were to disappear overnight and what would happen to their parents and what would happen to their obligation to pick up part of the support of their parents. I think that is something we ought to think about when we talk about means testing Social Security and ultimately, I think, destroying the program.

Finally, I think we must look to the future when we contemplate changes that affect a program with as broad a scope and as long a time horizon as So-

cial Security. Our population is aging as more people are living longer. Americans aged 80 years and older are the fastest growing part of our elderly population. The number of those over age 85 increased by 38 percent, by 38 percent; almost one-third from 1980 to 1990, while the population of under age 65 increased by only 8 percent. This older group tends to need most help with health care as well as economic and other kinds of physical support. The retirement of the baby boom generation will exacerbate this trend.

So let me summarize the following, Mr. President: Social Security is not a welfare program. Social Security is the single most successful example of broad-scale social insurance in this Nation's history.

Its very success explains why it has become a target for ideologues and cynics. We cannot let the deficit problem—which Social Security actually reduces—be used to undermine this fundamental covenant in our social contract.

Congress has long recognized Social Security's unique nature and granted the program differential budgetary treatment as a matter of law. Many of my colleagues on the Budget Committee and others who support a balanced budget amendment to the Constitution, have supported a number of efforts to protect the Social Security program. I think it might be useful at this point to review recent legislative history in this area.

As I discussed earlier, reserves have been accumulating in the Social Security trust funds so that the Federal Government can meet its obligations to current and future retirees. Those reserves, while necessary, create a large and growing budgetary surplus that, when combined with the rest of the Federal budget, has the effect of masking the true size of the deficit in the operating budget.

Minimizing the deficit leads the Nation to run larger operating deficits than it otherwise would. Economists tell us that deficits amount to negative saving. Before the 1990 budget agreement, the deficit calculations included the surpluses in the Social Security trust funds. A number of us in Congress, including my distinguished colleague from South Carolina, Senator HOLLINGS, and my colleague from New York, Senator MOYNIHAN, recognized that this practice detracted from the national saving necessary to finance capital formation and build the Nation's productivity and wealth.

We also understood that making sure that our economy will continue to grow in the future is essential if we are to meet the obligation to future retirees. The Government needs to develop real saving—after taking into account the deficits run by the operating budget—in order for the Nation to have the capacity to support the retirement claims of the baby boom generation without imposing unbearable fiscal burdens on its children and grandchildren.

So, the 1990 Budget Enforcement Act, among other things, restored budget honesty by taking Social Security out of the calculation of the deficit. Accurately displaying the true size of the Nation's deficit problem helps protect the fiscal integrity of Social Security trust funds and provides the Nation with an accurate assessment of the fiscal policies needed to eliminate the deficit.

This was not the first time Congress had debated the budgetary treatment of the Social Security system. Before fiscal year 1969, the Government generally used the administrative budget, which did not include trust funds but focused on the movement of funds into and out of the general fund of the Treasury. In October 1967, the President's Commission on Budget Concepts—the first major review of the budget since the Budget and Accounting Act of 1921—recommended that the Government move to a "unified" budget, showing trust funds together with the rest of Government spending.

The Commission acknowledged that trust funds were a legitimate and complementary budgetary concept and recommended maintaining separate accounting procedures to allow their activities to "be reported on in a way which allows the identity and integrity of trust fund transactions and balances to be preserved."

In the wake of that recommendation, the President's budget submission started including Social Security and other trust funds in the budget beginning with fiscal year 1969. With the adoption of the Congressional Budget and Impoundment Control Act of 1974, Congress adopted the unified budget approach.

In the 1970's and early 1980's, controversy arose over the inclusion of Social Security in the budget. Various deficit reduction proposals included cuts in Social Security benefits. Congress and the President eventually did cut the Social Security minimum benefit, student benefit, and lump-sum death benefit, among others. Defenders of Social Security saw inclusion in the budget as a threat to the program.

On July 29, 1981, as part of the debate on the Economic Recovery Act of 1981, the Senate passed by a 97-to-2 vote an amendment offered by Senator Eagleton—for himself and Senator Stennis—that would have required a special statement on the outlays, revenues, and surpluses of Social Security as part of the President's budget submissions. The conference committee dropped the provision, but Senator Eagleton offered it again on October 14, 1981, as an amendment to the Social Security Amendments of 1981, and the Senate agreed to the amendment by a voice vote. Once again, the conferees dropped the provision, but the issue remained highly visible.

In January 1983, the report of the National Commission on Social Security Reform stated:

> A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI, and SMI trust funds should be removed from the unified budget.

In the legislation that would become the Social Security Amendments of 1983, first the House Ways and Means Committee and then the House responded to the Commission's recommendation with a bill that would display the Social Security trust funds separately but in the budget through fiscal year 1988 and remove them from the budget beginning in fiscal year 1989. The Senate bill had no such provision, and the Senate rejected two floor amendments that would have added similar language. By a vote of 56 to 41, the Senate tabled a motion to waive a point of order raised by Senator DOMENICI under the Congressional Budget Act against an amendment by Senator Heinz that would have displayed the Social Security trust funds separately but in the budget through fiscal year 1988 and removed the Social Security trust funds—but not the Medicare trust funds—from the budget beginning in fiscal year 1989. The Senate then tabled an amendment by Senator RIEGLE that would have kept Social Security on budget but exempted it from reconciliation. The conference committee agreed to a modified version of the House bill, ordering more prominent display of Social Security and Medicare through fiscal year 1992, and then their removal from the budget in fiscal year 1993. The conference committee's recommendation became the Social Security Amendments of 1983.

The 1983 law also included provisions to speed up implementation of increases in the payroll taxes which pay for the Social Security program in order to put the program on a more sound financial footing. The result of this action was to move from the existing "pay-as-you-go" system to one that built up reserves to provide a cushion for annual spending and prepare for the retirement of the baby boom generation. Concerns about protecting these reserves caused the issue of budgetary treatment to remain an issue.

The 1985 Gramm-Rudman-Hollings law amended section 710 of the Social Security Act to take Social Security out of the budgetary totals beginning with fiscal year 1986. Social Security was also exempted from any across-the-board cuts—or sequestration—that might be required under the new law. The conference report explains:

> The Conference Agreement leaves unchanged from the House and Senate amendments the budgetary treatment of the Social Security trust funds. The conferees note that

Section 201 includes the receipts and disbursements of the trust funds in the Federal budget for Fiscal Year 1986 through 1991 only for the purpose of the deficit estimates required to determine whether the Federal deficit is within the maximum deficit amount targets required in the emergency balanced budget act.

The Gramm-Rudman-Hollings law created another, separate protection for Social Security by amending the Congressional Budget Act to prohibit congressional consideration of language in reconciliation legislation that would change Social Security benefits. That law set up a requirement for the affirmative vote of 60 Senators to waive the point of order for violating that prohibition.

On the other hand, Gramm-Rudman-Hollings amended the definition of the term "deficit" to include Social Security within the calculation of the deficit for purposes of determining whether across-the-board cuts would be required. Once again, the conference report to accompany Gramm-Rudman-Hollings explains:

The conference agreement leaves unchanged from the House and Senate amendments the treatment of the social security trust funds. This provision allows the yearly income and outgo of the social security trust funds to be included in the Federal budget only for purposes of estimating the total deficit amount which must be addressed through sequester or Congressional action in order to reach the maximum deficit amount target. The scope of this provision is limited to that purpose of comparison with the maximum deficit amounts, and does not otherwise abrogate or contradict the effect of other amendments in this act that remove the operations of the social security trust funds from the unified budget. It is anticipated that the estimating agencies named in other provisions of this Act will in all other tasks related to the budget and legislative process adhere to the requirements of Section 261 of this Act, and remove the trust fund operations from the Federal budget as required.

Now, it is important to recognize that the circumstances of the Social Security trust funds has changed dramatically since all of these actions occurred. For the entire period between the President's Commission on Budget Concepts and Gramm-Rudman-Hollings, during which Social Security was on budget, the surpluses and deficits of the Social Security trust funds that Gramm-Rudman took off budget were relatively modest. In other words, while Social Security was on budget, the actual difference between the unified budget deficit and the operating budget deficit was relatively minor.

For fiscal years 1967 through 1975, the trust funds ran small surpluses of from $0.5 billion to $5.9 billion, averaging just under $3 billion a year. Including them on budget for the years beginning with 1969 decreased the deficits in the operating budget for those years modestly. Indeed, for the first year of inclusion, 1969, a $3.8 billion surplus in funds now off budget transformed a $0.5 billion operating deficit into a $3.2 billion unified surplus, the last surplus recorded by the Government.

For the period from fiscal year 1976 through 1982, the funds ran relatively modest deficits of from $1.1 billion to $7.9 billion, so that inclusion of Social Security in the unified budget actually worsened the deficit during those years by an average of a little less than $4 billion a year.

In the wake of implementation of the recommendations of the National Commission on Social Security Reform, however, the reserves in the Social Security trust funds began to grow, as intended, with fiscal year 1985. The Congressional Budget Office projects that these surpluses will be $62 billion in fiscal year 1994, $70 billion in fiscal year 1995, and will reach $100 billion in fiscal year 1999. Consequently, beginning with fiscal year 1988, increasing surpluses in the Social Security trust funds have fundamentally changed the meaning of the unified budget deficit and its relationship to the deficit in the operating budget.

A number of bills introduced in the Senate in the 100th and 101st Congresses sought to address this change by repealing the provision that included Social Security in the definition of the deficit for purposes of Gramm-Rudman-Hollings.

The Committee on the Budget held a hearing on March 24, 1988, on "Social Security, Deficits, and the Baby Boomers' Retirement." During the debate on the fiscal year 1989 budget resolution shortly thereafter, Senator Chiles offered an amendment that would have stated the sense of the Congress that "the Congress should enact legislation that makes the definition of the deficit exclude the surplus—or deficit—from the Social Security trust fund for all purposes." After substantial debate and amendment of the amendment, the Senate adopted by a voice vote an amendment offered by Senator DOMENICI stating the sense of the Congress that the National Economic Commission should "study the budgetary treatment of Social Security."

The report of the National Economic Commission, issued March 1, 1989, recommended validating the Social Security surplus, that is, "running a unified budget surplus equal to the Social Security surplus," or "balancing the non-Social Security budget."

In October 1989, the Committee on the Budget and the Committee on Governmental Affairs held two joint hearings on the budget process. During the hearing of October 18, 1989, the committees discussed the budgetary treatment of Social Security in the context of the testimony of Senator Heinz on his bill, S. 1752.

During the 101st Congress, a number of Senators engaged in sometimes lengthy discussions on the Senate floor calling for consideration of legislation to remove Social Security from the calculation of the deficit. Indeed, on June 19, 1990, the Senate voted 96 to 2 to adopt an amendment offered by Senator Heinz that would create a point of order against considering a debt limit extension "if Congress has not acted to remove the OASDI revenues and expenditures from the calculation of the deficit."

In 1990, Senator HOLLINGS introduced the Social Security Preservation Act to remove Social Security from the calculation of the deficit. This was important because those calculations trigger sequestration as part of the Budget Enforcement Act of 1990. In August 1990, the Senate Budget Committee, on a motion offered by Senator HOLLINGS, reported the Social Security Preservation Act, after defeating a number of amendments. The final vote in committee was 20 to 1 with Senator GRAMM of Texas the only member of the committee voting in opposition.

Later that year, during debate on the legislation that would become the Budget Enforcement Act on October 18, Senator HOLLINGS offered an amendment to remove the Social Security trust fund from the calculation of the deficit. The Senate adopted the amendment by the overwhelming vote of 98 to 2. Only Senators Armstrong and WALLOP opposed the amendment.

The Budget Enforcement Act, which was adopted in November 1990, following the Senate amendment, included a provision stating that the receipts and disbursements of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus in the budget submitted by the President, in any budget resolution agreed to by the Congress, or as part of the Gramm-Rudman-Hollings deficit reduction law.

Plainly, nearly every Senator who has served in the Senate for at least 4 years is on the record favoring the separate treatment of Social Security. If we adopt an amendment to the Constitution that once again exposed Social Security to further cutting, we would break faith with that earlier commitment. We were right at that time. We should stick by the pledge we made them to protect this most important trust with the American people.

The PRESIDING OFFICER. The time of the Senator has expired.

Senator REID controls 1 remaining minute; Senator SIMON controls 15½ minutes.

Mr. SIMON. Mr. President, just in response to one item mentioned by my friend from Tennessee. He and I agree on Social Security. We differ on the REID amendment. When he talks about 110 percent of debt versus GDP in 1945 after World War II, what that ignores is there was no corporate debt and no

consumer debt, for all practical purposes, then. We now have $4.3 trillion in corporate debt and $3.7 trillion in consumer debt, and we have a very different situation.

I yield 1 minute to the senior Senator from Idaho.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CRAIG. Mr. President, let me ask unanimous consent to print in the RECORD a letter from a former Secretary of Defense, Dick Cheney.

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

MARCH 1, 1994.

Hon. LARRY CRAIG,
U.S. Senate,
Washington, DC.

DEAR LARRY: As you know, I have been a long-time supporter of a balanced budget amendment to the Constitution. I think it offers the best prospect of forcing Congress to carry out its Constitutional responsibilities and bring some discipline to the Federal budgeting process.

I know that a number of individuals are concerned that somehow such an amendment will lead to unwise cuts in defense. Obviously, there is no reason why that has to be the case since Congress will still be free to set priorities. And clearly providing for our national security must continue to be an urgent priority.

I would urge all of my friends in the Senate to support the proposed amendment to the Constitution.

Best regards,

DICK CHENEY.

Mr. CRAIG. Former Secretary of Defense Dick Cheney spoke of his support for a constitutional amendment to balance the budget and says:

I know that a number of individuals are concerned that somehow such an amendment will lead to unwise cuts in defense. Obviously, there is no reason why that has to be the case since Congress will still be free to set priorities. And clearly providing for our national security will continue must continue to be an urgent priority.

I yield back my time.

Mr. SIMON. Mr. President, I yield 8 minutes to the Senator from Colorado [Senator BROWN].

The PRESIDING OFFICER. the Senator is recognized for 8 minutes.

Mr. BROWN. Thank you, Mr. President. I thank the distinguished Senator from Illinois for not only the time but his distinguished leadership on this, as well as the senior Senator from Idaho, who has spent such a great deal of congressional career battling the waste and fighting for a responsible budget amendment.

Mr. President, this is a moderate proposal. This is not a strong balanced budget amendment. It is one that is designed to make it easy to work with and work through. I want to make a forecast for my friends in the Chamber, and then I am willing to stand behind and perhaps answer for later on.

I believe a balanced budget amendment to the Constitution will pass within the next decade. Mr. President, if it is not the one that is before us, it will be much stronger and much tougher than what the body votes on today. Let me be specific.

The measure that is before the Senate today has a long phase-in period, making it easy for Congress to adjust to it, and in reality does not require Congress to cut spending at all to make the targets. It merely requires Congress to slow down the rate of increase in spending. If we do not adopt this, we will adopt one that is much tougher in that regard.

Second, to waive this requirement to move toward the balanced budget only takes 60 percent of the votes. I can tell my colleagues that a good number of us who are sponsors of this would prefer it would be a much higher percentage. At least two-thirds, or perhaps higher. If this measure does not pass, my guess is eventually we will have one that is much tougher.

Third, this only involves a constitutional majority, a simple majority to raise taxes. A good many of us would strongly prefer a measure that requires two-thirds to increase taxes.

So if this measure does not pass, I believe one will pass. It is likely it will be much tougher and much more strict than this. Some Members have come to the floor and said in so many words, there is not a problem. I invite anyone who feels that to take a simple look at a graph of our deficits and our debt over recent periods. This chart goes since 1950, but I think Senators would see an equally dramatic continual rise in prior years.

Those who believe we have this problem licked and solved with our current actions, let me simply mention that on this chart where we see the red rising, as it goes off, by 1997 the debt will not only have continued to rise but will literally have gone off the top edge of this chart by 1997. What we are into is a curve that is rising at a rate near the vertical. It is a train wreck waiting to happen, and every Member of this body must know it. Some may choose to close their eyes, and I suspect future generations will wonder how in the world their Congress could have done that.

Each Member who votes, I think, and speaks on this floor, perhaps will give them the answer of what their own thoughts were as they move forward. But I, for one, believe this is a major problem that faces our economy and our Government. The simple fact is we cannot continue as we have, and in reality everyone knows it.

I want to deal with some of the things that have been suggested. One is a comment by the Washington Post. Today they urge Members of the Senate to vote against the balanced budget amendment, and they conclude their editorial with this line:

The Senate should kill the amendment [that is the balanced budget amendment] and get on with the difficult task that the amendment only obscures [i.e., cutting the deficit].

The Washington Post is composed of bright people. For them to advocate getting on with cutting the deficit, to this Member, is a bit of surprise. The Washington Post endorses candidates every election. If Members can come to the floor and tell me when the Washington Post endorsed candidates most likely to control spending, I would be interested in hearing it. At least my perception is that the Washington Post has been a champion of those who want to increase spending, not cut it. For them to suggest that the real answer is simply to control the deficit by getting on with the difficult work of controlling spending, strikes me as a bit unusual. I hope it is a new policy on their part and I hope it is one that translates to whom they endorse, because my own feeling is that until people cast their votes based on a willingness to control spending and confront the issue, real progress is not going to be made.

This morning I heard the President of the United States talk about this problem. He said "we are solving the problem now." I want to express a difference of opinion on that subject.

The PRESIDING OFFICER. The time allocated to the Senator has expired.

The Senator from Illinois has 8 minutes and 30 seconds.

Mr. SIMON. I would like to yield further time but Senator ROBB also wants some time. I will yield 1 additional minute to the Senator from Colorado.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BROWN. Mr. President, the fact is the President's own budget forecasts the biggest deficit in the history of our country. It forecast a deficit that is rising in the outyears, not dropping, and a debt as percent of GDP rises, not falls.

There is only one way to get the deficit down or begin to control it, and that is to control spending and to control our appetite. This is a moderate approach. If we do not adopt this, we will adopt one much stronger and under much more difficult circumstances in the years ahead.

I yield the time.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I yield the remainder of my time to the Senator from Virginia, Senator ROBB.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 8 minutes.

Mr. ROBB. Mr. President, many debates in the Senate are called important. Today's debate lives up to that characterization. The action we take later today, in voting on the Reid and Simon proposals, may not turn out to be important. But this may well be the most important debate we will undertake this year.

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I rise as an original cosponsor of the underlying Simon resolution which requires a balanced budget. I oppose the Reid substitute with reluctance, and do so with my eyes wide open, acknowledging the shortcomings of both proposals. Whatever the outcome today, I will continue to support serious responsible proposals to achieve the goal of a balanced budget.

I think it is important that we have been having this debate. If nothing else, this resolution has provided the public focus on the need for long-term fiscal responsibility. I, for one, do not think we have had enough of that.

The Reid substitute amendment, is a noble attempt, but I fear that it sounds more effective, than it would prove to be in practice. It will not instill the same fear of God into policymakers that the Simon resolution will and is, in my view, too easy to circumvent. While the Simon amendment may not be perfect, at least it has enough teeth to scare folks into making more responsible decisions.

I support the tougher Simon amendment not because I believe it is a cure-all for our budget woes, because in and of itself, it is not going to bring our budget into balance, but because this amendment establishes a destination. It is still up to the President and the Congress to plan a detailed route to get there.

In truth, I have supported the balanced budget amendment and a line-item veto for over a decade. That support followed an evolution in thinking which may not be uncommon in this body. When I was chairman of Democratic Governors' Association, Dick Thornburgh, then my Republican counterpart, proposed that the National Governors' Association throw its support behind the balanced budget amendment. I resisted it initially, because, like most Americans, I was, and I remain, reluctant to seek solutions in the Constitution for transient problems. I promised, however, that if the Federal Government did not get serious about fiscal responsibility, I would support the amendment the next year.

Unfortunately, there was talk about a balanced Federal budget, but tax cuts were far more appealing politically, so the problem only got worse. In the absence of a Federal commitment to real fiscal responsibility, I endorsed the balanced budget amendment, and the NGA officially changed its policy and came out in support of the amendment.

I have never claimed that the amendment alone would solve the problem. But it compels a solution, by eliminating the most convenient excuse for avoiding tough choices. It requires a chief executive and a legislative body to establish priorities. And it raises the specter of remedies that are so harsh that it may give the President and the Congress the political cover necessary to make the tough choices required.

I can tell you that a balanced budget will not cause our economy to collapse. The former Governors in this body know this well. As Governors, we were required to submit balanced budgets every year, and we did. That provision in our constitutions was not a hindrance, it was an invaluable help. It lent weight to our efforts to curtail less important spending while preserving funding for essential programs such as education initiatives. And while a State's balanced budget requirement differs from the constitutional amendment we are considering today, a balanced budget amendment still takes away the excuses for irresponsible spending.

Mr. President, I have supported a number of proposals to cut and raise revenues that were not very popular, from entitlement caps to $94 billion of additional specific budget cuts. I am willing to continue to do so in the future.

But the vote on the Kerrey-Brown amendment makes that point very clear. Each of us has very different ideas on how to achieve a balanced budget. Forging a consensus on common action, however, is extremely difficult. We only have to look back to last summer's budget bill debate to see just how intractable cutting Federal spending can become.

Mr. President, I submit that Congress by its nature tends to be short-sighted when dealing with our fiscal problems, and that it always finds plenty of excuses why not to cut today and why tomorrow would be better. We are rewarded for spending. As long as we name courthouses and highways for spending money rather than saving money, spending will continue to dominate. Spending programs have strong constituencies. By contrast, those of us who want to say "no" find that our bleachers are nearly empty.

I personally encouraged the President to embark on meaningful deficit reduction when he took office. I applaud him for what he's accomplished. He deserves real credit for taking tough politically unpopular steps to achieve meaningful deficit reduction.

But we need to do even more, and we certainly can't afford to stop now and rest on our laurels. The lowest interest rates in two decades have lulled us into a sense of complacency. Unfortunately, because of these very low rates, the costs of continued fiscal irresponsibility are lost on many policy makers. The Simon amendment makes those costs very clear and very real.

It seems to me that the arguments against the balanced budget amendment amount to conceding that we can't live within our means. I do not accept that. Those with concerns about the possible negative consequences of the amendment simply have to come to grips with the underlying problem: we are spending more than we are taking in, and we are unwilling to make the choices to correct it.

A commitment to principled choices is the only cure for the long run. My concern is that most feel we have bitten the bullet and everything is getting better. The truth is, even under a much tougher disciplinary framework, we are still going to increase the debt by at least three-quarters of a trillion dollars over this next 5-year period. If interest rates go up significantly, we could be in very serious trouble. So I am going to continue to press for fiscal sanity.

Mr. President, we have come to an unhappy pass. Amending the Constitution is harsh medicine. And if the executive and legislative branches were living up to our full responsibility, we would not need it. But everything else has failed or been thwarted. And this discipline reluctantly is required in order to truly serve the people we represent.

It is a cry for help—to stop us before we spend again. We just cannot keep doing this to future generations.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Nevada has 57 seconds. And the Senator from Illinois has—all time has expired.

Mr. REID. Mr. President, this is a balanced budget amendment that Senators REID, FORD, and FEINSTEIN have offered. It treats the Federal Government like the family is treated in America, like the State governments are treated, where they balance their budgets.

It is also very important because it excludes Social Security. As Mr. Ball said about this amendment, the Simon amendment, "I believe large cuts are the most likely outcome, and I think that would be terrible. After more than 55 years of experience, we have developed an approach to retirement income that is working well."

I think it is wrong that those who support the Simon amendment do not cross over and support the Reid amendment, the only one that has the opportunity to pass.

This is not horseshoes. Coming close is not the answer. We need to do what is right for this country. You cannot leave this Chamber tonight and say, "Well, I voted for a balanced budget amendment; it is somebody else's fault." The only fault lies with those who refuse to support the Reid amendment, the only one that has the opportunity of passing these Chambers.

Mr. HOLLINGS. Mr. President, I could offer my colleagues 3.5 trillion reasons for a balanced budget amendment to the Constitution; that is the number of deficit dollars added to the national debt since 1981. But I will rest my case with one simple reason: It ought to be a minimal moral obligation of our national government to match its income with its expenditures

on an annual basis, barring an emergency situation, so that additional debt is not passed on to future generations.

The wisdom and necessity of such a policy has been driven home by the deficit-spending binge of the last decade and a half. I recall the words of James Madison in the Federalist No. 51:

> But what is government itself but the greatest of all reflections on human nature? If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: You must first enable the government to control the governed; and in the next place, oblige it to control itself.

The Federal Government's profligacy, over the last decade was indeed a reflection of the profligacy and speculation rampant in the larger American economy. Today, however, the excesses of the private economy have largely been tamed. The unfinished task is to accomplish Madison's imperative: to oblige government to control itself. This is exactly the purpose of the balanced budget amendment to the Constitution.

The wisdom of a balanced budget requirement has been fully vindicated by State governments across this land. All States but Vermont have a balanced budget requirement. As Governor of South Carolina in the early 1960's, my State's balanced budget requirement obliged me to work with the legislature to balance the books each year. Thanks to those balanced budgets, South Carolina became the first Southern State to win a triple-A credit rating on Wall Street. At the same time, that 4-year record of fiscal discipline laid the foundation for a boom in investment and economic growth that has continued to this day.

Mr. President, let me be clear that I support the balanced budget amendment knowing full well it alone will not balance the budget. I object to the cynical selling of this amendment by politicians who have no intention of following through with the nasty, wrist-slashing work of actually balancing the Federal budget. Absent this followthrough, a balanced budget amendment is the moral equivalent of thigh cream.

Recall that Congress has passed a balanced budget amendment once before. It was called Gramm-Rudman-Hollings. Like today's balanced budget amendment, the 1985 Gramm-Rudman-Hollings amendment boldly promised a balanced budget in 5 years' time. It, too, was embraced by big, bipartisan congressional majorities and enjoyed public support. Gramm-Rudman-Hollings cut the deficit to a low-water mark of $150 billion, but was later gutted and gelded by a succession of budget summits. The deficits exploded once again.

A wise man once observed that history repeats itself, the first time as tragedy and the second time as farce. The balanced budget amendment could prove to be the ultimate farce unless we learn from the mistakes of the past.

Mr. President, the deficit this fiscal year, $223 billion, is nearly the same as when we began the Gramm-Rudman-Hollings exercise in 1985. The difference is that, after 8 years of steady economizing, we have already stripmined the easy budget cuts. What is more, Congress last year took the unprecedented step of imposing a hard freeze on discretionary spending for the next 5 years. A balanced budget amendment on top of this will require cuts of nearly $600 billion between 1995 and 1999.

Using the Congressional Budget Office's most recent projections, to balance the budget by 1999 without new taxes we would have to cut all Federal spending—excepting mandatory spending for judges' pay and interest on the debt—by $26 billion in 1995, $73 billion in 1996, $119 billion in 1997, $162 billion in 1998, and $205 billion in 1999. This includes cutting Social Security by $130 billion by 1999, which could require not only the elimination of COLA's but major benefit cuts as well.

Of course, Congress would not dare cut Social Security by $1, much less $130 billion. So exempt Social Security from cuts: now the required across-the-board cuts rise from 10.7 percent to 14.2 percent in 1999.

Inevitably, other programs—including veterans' benefits, military pay, the Women, Infants and Children nutrition program—would also be sheltered from cuts. As the burden of $600 billion in cuts falls on a smaller and smaller share of the total budget, reductions of 20 percent and up will be required in unprotected areas such as law enforcement, education, and environmental protection.

Are we willing to follow through with cuts of this magnitude? I remind my colleagues that 61 Senators and 271 Representatives hitched a ride on the Gramm-Rudman-Hollings bandwagon in 1985. But later, when those same politicians were asked to cast tough votes to actually cut the deficit, they lit out for the tall grass. For example, in 1990 in the Senate Budget Committee, I proposed a strict spending freeze to meet that year's Gramm-Rudman-Hollings deficit-reduction target; the most zealous supporters of Gramm-Rudman-Hollings joined forces to kill the freeze.

Face it, most Members of Congress view a "yea" on the balanced budget amendment as a free vote. They get to preen their deficit-hawk feathers in an election year, comfortable in the belief that doomsday will not arrive until 1999, if ever.

Indeed, conventional Washington wisdom says that Congress can pass the balanced budget amendment, give itself the good government award, and then count on State legislatures to kill it off—after all, State governments supposedly are addicted to billions in Federal aid. This analysis overlooks the obvious: State politicians will see the same short-term advantage in posturing as antideficit tough guys. Leaders in the South Carolina General Assembly tell me the balanced budget amendment would pass by acclamation in Columbia. I predict a similar reception elsewhere, and easy ratification by the required three-quarters of the States.

We must be beware, too, of the many dodges and subterfuges that can be used to subvert the balanced budget amendment. Bear in mind that the theory of the balanced budget amendment is identical to that of Gramm-Rudman-Hollings: If you put a gun to Congress' head, Congress will get discipline. The reality, however, is that when you put a gun to Congress' head, Congress gets creative.

Bear in mind that both Gramm-Rudman-Hollings and the balanced budget amendment are strictly process-oriented mechanisms. Process can always be defeated by more process. The process of Gramm-Rudman-Hollings was defeated by the counterprocess of the budget summits.

Recall that by 1987, it was clear that huge tax increases and budget cuts would be required to meet the ambitious Gramm-Rudman-Hollings deficit-reduction targets. This was seen in Washington not as a budget problem to be solved, but as a political problem to be finessed. So Democratic and Republican leaders huddled in summits—annual bipartisan love-ins with a single purpose: To yank the skeleton out of Gramm-Rudman-Hollings.

At the summits, Dick Darman and friends cooked up an ingenious jambalaya of gimmicks—excuse me, process reforms. One year the summiteers saved $2.9 billion by moving a Pentagon payday from October 1 back to September 29 of the previous fiscal year. Another year they lopped $36 billion off the deficit simply by penciling in absurdly optimistic economic assumptions. Finally, in 1990, the summiteers killed Gramm-Rudman-Hollings outright, replacing it with a fudgeable framework of floating targets that actually increased the deficit.

History now repeats itself with the balanced budget amendment. Already the cloakroom conspirators are talking about process reforms that will assist in balancing the budget: moving more programs off budget; creating a separate capital budget to finance investments with deficit spending. What is more, the balanced budget amendment expressly allows Social Security trust fund surpluses to be siphoned off to help balance the budget; in 1999 alone, we will be robbing $100 billion from Social Security. Balanced budget, indeed.

So let us debate, pass, and ratify the balanced budget amendment. But let us

avoid the gamesmanship and duplicity that betrayed Gramm-Rudman-Hollings. If you are not for massive cuts in Federal spending, or for making up the difference with new taxes, then hold the hypocrisy; vote "no" on this amendment.

CBO Director Robert Reischauer on January 27 told the Senate Budget Committee that it is inconceivable the budget could be balanced without new taxes as a significant component. Warned Reischauer: "If Congress adopts an amendment requiring a balanced budget beginning in 1999, it should not ignore the need to enact a package of tax increases and spending cuts to provide some hope of achieving that goal in an orderly, gradual way." In other words, we should match our process vote with an actual vote on substance. Exactly.

I have long advocated a national value-added tax as the ideal vehicle to simultaneously pay for health care reform and balance the budget. Alternative plans to stick small businesses with the bill for health care reform are grossly unfair. After all, we do not stick small business with the bill for education or national defense or welfare, so why do so for health care reform? As a universal benefit, health care should be financed by a universal VAT on consumption. Most important, a VAT will raise sufficient sums at relatively low rates, while boosting the competitiveness of U.S. producers.

Balancing the Federal budget—while simultaneously paying in full for universal health care—calls out for an American version of shock therapy. So pick your poison: VAT, higher income tax rates, draconian budget cuts, and/or reduced benefits. And spare us the process reforms and pixie dust that suffocated Gramm-Rudman-Hollings.

By writing a balanced budget amendment into the basic law of the land, we will compel Washington to do its job. No more weaseling. No more excuses. Just make the hard choices and balance the budget. And do not be surprised when a balanced U.S. budget turns out to be the best economic growth program this country has ever seen.

Mr. AKAKA. Mr. President, I have listened closely to the balanced budget debate over the past week. I wish to commend the senior Senators from West Virginia [Mr. BYRD], Illinois [Mr. SIMON], Utah [Mr. HATCH], and Nevada [Mr. REID] for their effort to bring this debate to a vote. They have focused the Nation's attention on the critical need to reduce the Federal deficit by an amendment to the U.S. Constitution.

The question is not whether the dire predictions that have been offered by both sides of the debate would come true if this resolution was or was not adopted. The questions are how are we going to keep Federal spending from outpacing receipts, and will Congress accept the responsibility for Federal spending that already is granted by the Constitution?

I have reservations about the need to amend the U.S. Constitution to dictate fiscal policy. I oppose amending the Constitution to deal with our Nation's economic problems.

Last summer, Congress adopted the President's budget proposal by instituting tough deficit control measures. Through the tireless work of President Clinton and Congress, the largest deficit reduction package in the Nation's history was adopted. Partly in response to these events, the economy in 1993 grew at an annual growth rate of 2.8 percent. The Congressional Budget Office projects that the Federal deficit will fall from $223 billion in the current fiscal year to below $170 billion in 1996.

The recent economic data confirm that the difficult choices adopted last year are paying off and lowering the Federal deficit. The proposed fiscal year 1995 budget builds on the work of last summer by maintaining discretionary spending levels, calling for the enactment of the National Performance Review, offering a new rescission package, and proposing to limit the growth of Medicare and Medicaid through comprehensive health care reform.

If the balanced budget amendment offered by the Senator from Illinois [Mr. SIMON] is enacted, CBO Director Reischauer predicts that $204 billion in deficit reduction would be required to balance the budget by 1999, the initial date of this proposed amendments implementation. Although the Senior Senator from Illinois will amend his measure by pushing back the implementation date to 2001, enactment of this amendment will require large tax increases and spending cuts to meet the requirements of the proposed amendment.

Why should Congress amend the Constitution when the ability to meet specified spending levels already exists? We do not have to alter the Constitution to implement fiscal policy. What we need to do is make the tough choices that are before us today, take charge of our responsibility to implement our President's budget proposals, and demonstrate that Congress is able to act in behalf of the Nation's interests.

I believe adoption of Senate Joint Resolution 41 is likely to damage the economy more than strengthen it. There is no guarantee how long the current period of economic growth will continue. We should not forget that when the economy slows, greater deficit spending would be required. Moreover, Congress must have the flexibility to deal with emergencies. We cannot rely on assurances today that there would be the 60 votes required under the Simon proposal to override a balanced budget amendment during a disaster some time in the future.

The Simon amendment also has the potential of limiting public investments that are critical to long-term growth. Senate Joint Resolution 41 makes no distinction between investments, such as education and training and early intervention programs for children, and other types of government spending. These investments are necessary in ensuring that the United States remains competitive with the global community.

I also wish to make a few remarks about the Reid amendment. Although it too would amend the Constitution, I view the Senator from Nevada's proposal to be more reasonable in its approach to mandating fiscal policy. The Reid amendment minimizes the potentially devastating impact of Senate Joint Resolution 41. It is a reasonable alternative to the original amendment because it acknowledges that the Federal Government has capitalized assets and allows for capitalization of annual costs.

Moreover, the amendment preserves Social Security as a separate trust fund and does not jeopardize our senior citizens. This is an important difference, which should not be pushed aside in the rush to balance the budget. The working men and women of America have contributed to their retirement and should not worry that, in the future, the Government of the United States may be forced to balance a budget on their backs.

Although I will not vote in favor of either proposal that would require a constitutional amendment to balance the budget, I am pleased that the Senate is debating the matter in the light of day. A budget is only a plan of spending, the responsibility for which, rests with the Congress and the President. Congress is already addressing the need to balance the budget and reduce the Federal deficit. A balanced budget amendment is not an appropriate precept to include in our Nation's Constitution.

Mr. President, Congress already has the ability to bring down the deficit with the eventual goal of balancing the Federal budget. Congress should not be handcuffed in its ability to respond to the fluctuations of national and global economies. Rather, Congress must continue to rein in unnecessary spending in order to guarantee our children's future prosperity.

Mr. GORTON. Mr. President, I support the Reid balanced budget amendment. I believe that Senator REID's balanced budget amendment, like the Senate Joint Resolution 41 sponsored by Senators SIMON and CRAIG, will put this country on the right budgetary road. I believe that without a balanced budget amendment, Congress will never come to grips with deficit spending. That is why I support both of these efforts to bring Federal spending in line with Federal receipts. At this

time, I want to review why I support Senator REID's effort to amend the Constitution.

I support Senator REID's amendment because I know that legislative efforts to balance the budget will never succeed. I have been a part of such efforts. These were honest efforts, by honest men and women. Each time, when the choices got tough, however, the President and most Members of Congress blinked. The budget deficits grew. Our children and grandchildren went deeper and deeper in debt.

I also support Senator REID's amendment because the Clinton administration has no, repeat no, plans ever to bring the budget into balance. Laura Tyson, Chair of the President's Council of Economic Advisers, told me that the administration has done all that it intends to do to bring the budget into balance. Even under the best case scenario, the Clinton administration's budgets for the rest of the decade will bring hundreds of billions of dollars per year in new deficits.

I support Senator REID's amendment because it is better than doing nothing. And I support his amendment because it is clear that the Clinton administration has no plans ever to lead this country toward a balanced budget. I am happy to support Senator REID in his efforts.

Mr. KOHL. Mr. President, this is a red letter day for me and for the Congress. We have two votes on constitutional amendments requiring a balanced budget today. And I will have the honor of voting for both of them.

That this debate is even occurring is progress. When I first came to the Senate, I offered an amendment to recommit the budget resolution because it included numbers that were dishonest and out of balance. I lost. This Congress, we have enacted spending caps to enforce a hard freeze on discretionary spending, we have received from the President a fiscally conservative budget, and we may today pass a balanced budget amendment. That is progress.

But it not enough. It is now time to move beyond talking about balancing the budget, and just start doing it. Currently, our national debt exceeds $4.3 trillion, that is $17,495 for every man, woman, and child in the United States. We ought not to kid ourselves, though, that the burden of the debt will be so evenly distributed. It is the children of this country who will pay for our borrowing now. If Government does not change its fiscal policies, future generations will have to pay 87 percent of their income just to clean up the debts we leave them. In other words, our children will owe 87 percent of their income to the Government to pay for services we received. We generously have left them 13 percent of their own income for Government services from which they might benefit.

The balanced budget amendment represents an idea understood by every family that ever had to balance a checkbook—pay now for what you need now; save for what you need later. Unfortunately, our Government has forgotten this basic maxim—we have spent what we don't have; and we have saved nothing for future generations. It is time to write the basic American values of thrift and fiscal responsibility into this Nation's most basic statement of values—the Constitution.

I support both Senator REID's and Senator SIMON's approach to balancing the budget. Senator REID's amendment recognizes explicitly some principles not explicitly stated in—but certainly not excluded by—Senator SIMON's approach.

First, Senator REID explicitly exempts the Social Security trust fund from the strictures of his amendment. I was an original sponsor of the successful proposal to take Social Security off budget, and I have introduced legislation that segregates the trust funds from other budget accounts. The Reid amendment is in line with what I have always strongly believed: The Social Security trust fund is not Government money—it is working Americans' money held in trust until their retirement. It is a savings plan that is available to all who are willing to work. As long as Social Security remains this sort of contributory savings program, it ought to be treated differently than the other spending and tax programs of our Government.

That said, I believe strongly that the biggest threat to the Social Security system is our mounting Federal debt. As long as Social Security runs a surplus, and as long as that surplus is invested in U.S. Treasury bonds, the retirement savings of our working families will be invested in Government debt. And the way to insure that debt is paid off, paid off in full, and paid off with a decent return, is to make sure that the U.S. economy is strong. That, of course, means that the Government must stop consuming such a large percentage of this country's valuable resources.

Both the Simon and the Reid amendments will protect Social Security by reducing the deficit, eventually balancing the budget, and strengthening the U.S. economy. Senator REID makes that protection more explicit by specifically exempting the Social Security trust fund from the balanced budget amendment.

Another difference cited between Senator REID's amendment and Senator SIMON's amendment is, in my mind, not nearly the issue it has been made on the floor. Senator REID's amendment requires that the operating budget of the Government be balanced, but allows debt-financed capital spending. This is a budgeting approach I have long favored, and it is one that closely parallels the approach taken by many State governments. It is also an approach that is consistent with the Simon amendment.

Those of us who have supported Senator SIMON's balanced budget amendment never thought that balance would be achieved by uniform or across the board spending cuts. There is no mechanism in the amendment that requires or even suggests this sort of draconian and senseless budget cutting. Instead, I have always believed that a constitutional balanced budget amendment would force Congress to make difficult and reasoned choices about spending. Of course, we should continue to invest in the capital improvements that make this Nation strong. Senator SIMON's amendment would allow that. It would encourage it, in fact, by requiring Congress to look more closely at its spending decisions and choosing only those that have a real return for this country.

Mr. President, I hope we finish today's work by passing on to the House a constitutional amendment requiring a balanced budget. Fiscal responsibility is an American value worth enshrining in our basic document of government—and a congressional responsibility worth writing into our highest law.

Mr. MATHEWS. Mr. President, fiscal discipline is without doubt one of the most critical concerns on the Nation's agenda. A balanced budget amendment to the Constitution is the single most serious step—perhaps even a dire step—that Congress can take to achieve that discipline. I believe that step is necessary.

Senator SIMON has done the Nation a service by making us face our failings. I cosponsored the amendment by Senator SIMON, and I salute the courage and wisdom he has shown.

But as the debate has proceeded, another amendment—the Reid amendment—appears to chart a clearer path.

The Reid amendment provides effective fiscal restraint without placing the Nation in a straitjacket.

I have spent 40 years in public service as a State treasurer and as chief executive financial officer. I have operated under a balanced budget provision in the Tennessee constitution. I know what it takes to balance a budget. I know why it works, and I know how it works.

I am convinced that the Reid amendment creates in the Federal budget process the fundamental conditions that make a balanced amendment work for the States.

Matching expenditures with income is the first essential of balancing a budget. The principle of pay as you go has to be inviolate for a balanced budget to work.

Cash on the barrel head is the way to pay as you go with an operating budget. It is not prudent to pay in part or pay later for something that won't be around later. We've gotten ourselves in

a great deal of trouble because we've violated that principle.

Like the Simon amendment, the Reid amendment requires the Federal Government to balance operating expenses with current revenues.

But pay as you go doesn't mean the same thing for an operating budget and a capital budget. With a capital budget, pay as you go means matching the duration of expenditures with the duration of assets. You set aside part of today's income to amortize assets over their serviceable life. If you pay for long-term assets today, you totally miss the point of matching expenditures with income.

Congress has a legitimate responsibility to finance expenditures that build the Nation's resources. Capital assets created by those expenditures remain in service beyond a single budget cycle, and they should be paid for over the period that they're in service. A separate capital budget is the appropriate way to finance capital assets, and that's what the Reid amendment gives us.

I have more than a little experience dealing with State and municipal debt—not as much experience, thank heaven, as other State treasurers have had—but I have had the experience of borrowing money.

Mr. President, many times during this debate, I've heard the same question: What right to we have obligating future generations to pay for our spending? My answer is that we have every right, provided that the benefits extend to future generations.

Again, the distinction lies between current operating expenditures and capital investment expenditures. The Reid amendment imposes a three-fifths vote requirement for deficit spending in the operating budget. It would take 60 percent of this Chamber to spend tomorrow's money on today bills.

That is serious and necessary discipline. Some might say it is hamstringing discipline—too tough. I reply that it ought to be tough to do the wrong thing.

But it would not—and rightfully would not—hamstring our ability to raise money for capital assets that span generations. The Reid amendment is the proper framework through which we can separate obligations we incur for ourselves and for future generations. And while doing that, the Reid amendment enforces the required discipline on current operating expenditures

By the same token, the Reid amendment retains the flexibility to use fiscal policy as a tool of countercyclical economic policy. It enables us to react to national emergencies and national threats. These, too, are legitimate duties of Government and legitimate reasons for temporarily setting aside the stern requirements of budgetary restraint.

Many of us in this Chamber and millions of Americans have seen expansionary fiscal policy save us from economic calamity. With our budget the way it is, we virtually have forfeited any chance to recover from recession using fiscal policy.

A balanced budget will restore fiscal policy as an economic tool. But after we've wrung decades of excess from the budget, we must assure we still have the option of expanding spending in an economic emergency. The Reid amendment preserves this option.

War and emergencies are exceptional and uncommon. They touch the lives of all Americans only rarely. The same cannot be said for the programs that operate under Social Security.

Senator REID has already offered us impressive statistics illustrating the importance of Social Security not only to retirees but also to families and children. We need no statistics to tell us something we all know: the American people want our hands off of Social Security. They do not trust Congress to preserve this vital program in ways that serve them. Whatever we reassure them to the contrary, they believe we will gut Social Security to balance the budget if we have to.

And I must say that at some future date—as spending swells—as pressures mount from years of abuse, as the relation between taxes and spending grows ever more strained, their fears could be proved right.

The comingling of Social Security funds and general revenues increases the likelihood of this happening. What's more, the comingling of Social Security funds into the general fund disguises the real size of the problem we're facing. It is time to do what needs doing, make Social Security the separate, secure, and self-sustaining entity it was intended to be.

Social Security is not the reason we're in this budgetary problem, so let's separate it from the budgetary problem by separating it from the budget.

This is a good idea on its own merits irrespective of the balanced budget debate. Pension programs routinely are segregated into separate accounts in State and corporate finance. Many times, it's not accurate to draw that parallel with Federal programs, but in this case the comparison is apt. Social Security is a contributory program that is separate and distinct from general government programs. It should be so on our ledgers as well.

Mr. President, throughout this debate our colleagues have referred repeatedly to the budgetary standards and practices that State governments have adopted. They have called upon the Federal Government to implement similar standards and practices because they see what those methods have achieved. I would say, in all respect to my colleagues, that my four decades of service as a State financial officer have given me extra insights into our debate.

All of my years and all of my experience convince me that Senator REID's amendment creates the kind of discipline that has worked for State governments. It takes the crucial step of dividing operating budgets from capital budgets. It enables us to make the distinction between approval for responsible and irresponsible debt. It allows flexibility to meet fiscal emergencies, and it takes the wise step of safeguarding the Social Security trust fund.

Mr. President, this has been an emotional issue and an issue that invites political posturing.

I believe we should set aside the emotion and take an approach dictated by rationality. And if we do what's rational, I believe we'll not merely support a balanced budget amendment but actually pass one.

On the basis of every principle that's made State constitutional fiscal restraint amendments work, Senator REID's amendment is the one we should pass.

Ms. MOSELEY-BRAUN. Mr. President, the fact that Illinois ranks 48th among the 50 States in the rate of return on the tax dollars Illinoisans send to Washington may, in an ironic way, explain why Senators from the State of Illinois are able to see the forest for the trees, and thus support a balanced budget amendment to our Constitution.

The trees are the horror stories of economic and fiscal catastrophe that opponents so earnestly argue. Social programs, they say, will be cut so dramatically as to cause public suffering and chaos.

Social Security, the most sacred of entitlements, is threatened by the balanced budget amendment, they say. It is, of course, not lost on anyone that the Social Security constituency is the most powerful in the Nation. This list of horribles which is pointed to by opponents then goes on to span the gamut from defense cuts to child welfare programs. By making a lot of good caring people nervous about what can happen to them—to go back to the forest and trees analogy again—the opposition has taken log-rolling to new heights.

On a more scholarly note, opponents also cite the dangers inherent in not being able to deficit spend in times of economic contraction. The Government's ability to pump money it doesn't have to stimulate the economy saves us, they argue, from the severity of economic downturns, and allows fiscal policy to serve when monetary policy can not.

None of this is lost on the proponents and supporters of the balanced budget amendment. The forest, we maintain, is in crisis precisely because of the in-

capacity of the Congress and successive Presidents to make the choices needed to put our Nation on a sound financial footing. Between 1978 and 1992, the annual deficit grew more than sixfold, from $54 billion to $340 billion. Over the same period, our overall national debt grew nearly as fast, increasing more than fivefold from less than $800 billion to over $4 trillion. And we are today spending well over $230 billion, or over $600 million each day, just to make the interest payments on that growing national debt.

In this same time period, most families had to resort to two, instead of one, worker in the household, largely because the buying power of their earnings declined. And it is worth keeping in mind that, even with two-worker households, many American families did not keep up with inflation; their standard of living declined even as they worked harder.

Persistent Federal deficits, and the infiltration they helped inspire, hit the poorest Americans even harder. Their real income dropped by roughly 40 percent, in spite of the fact that nondefense Federal spending more than tripled over the 1978-1992 era—rising from $354 billion in 1978 to $1.082 trillion in 1992.

This is directly attributable to our fiscal imprudence. Each and every member of each American family now owes over $18,000 to pay for decisions long forgotten.

The real insult of this habitual resort to debt is in what it is doing to our children. We are essentially living off a credit card, with the bills being saved to present to our children and grandchildren. The "Analytical Perspectives" volume of this year's "Budget of the United States Government" makes the point clearly. In a frightening table, it concludes that, even with health care reform, generations of Americans born after 1992 will have to pay an incredible 73.9 percent of their lifetime income in taxes. Is that really the legacy we want to leave our children?

Mr. President, I first ran for public office on a platform of providing more help to Americans that so need Federal help. I want to see us do more in areas like education, housing, health care, and economic development. I want to deal with the root causes of homelessness and the root causes of crime. My entire political career has been about helping people and communities; no one is more concerned about these problems than I am.

I did not run for the Senate because I thought that Federal deficits and the national debt make helping people and communities impossible. And I do not believe that acting on a balanced budget constitutional amendment makes action on a strong social agenda impossible now. Instead, what the deficits and the debt present us with is a challenge—a challenge to rigorously set our budget priorities, a challenge to spend smarter and more efficiently, and a challenge to set our budget priorities, a challenge to spend smarter and more efficiently, and a challenge to concentrate Federal resources where they are really needed. The Government will have to reinvent itself in regards to domestic programs—and that reinvention is critically needed with or without a balanced budget amendment. In fact, any reasonable look at the conditions we currently confront compels the conclusion that we need to revisit our approach to these domestic problems in any event.

The Constitution shouldn't be lightly tinkered with. True. But the requirement of a balanced budget amendment is an item specifically called for by the Framers of the Constitution, including Thomas Jefferson. Indeed, it was advocated by the Father of our Country, George Washington himself. However, to that generation, it was thought to be so basic a tenant of prudent policy that it was unnecessary to make it a part of the Constitution.

Moreover, the balanced budget amendment is not a rigid, mechanical requirement that would preclude Government from acting in the national interest. For example, it has a safety valve, in case of war or a situation that threatens the national security of the country, the Congress would be free to spend and borrow as necessary. In all other cases, however, a three-fifths vote would be required to spend more than we have.

The last time the budget was balanced was in 1969, 25 years ago. We have been through recessions since then, and periods of strong economic growth. Only one thing has been constant—the Federal red ink.

Mr. President, I believe that the Federal Government has a responsibility to help Americans who want to work, but who, because of temporary economic conditions or other reasons, find themselves out of work. But the Federal Government needs to act in a way that doesn't hurt working and poor Americans—and that is where the Federal fiscal policy has failed. It has hurt working Americans; it has hurt poor Americans. Only the wealthiest Americans have been able to benefit from continuous Federal deficits.

Keynesian economics says that Federal deficits can help stimulate the economy in recessions. But Keynesian economics also calls for balancing Federal budgets over the business cycle. The evidence of the last 25 years suggests that the Federal Government is currently unable to balance its budget in either good times or bad. The balanced budget constitutional amendment is designed to change that.

No specific cuts are dictated by the amendment, and it will still be possible to run deficits in a recession if that is what the President and Congress think makes sense. Rather, the most fundamental thing the amendment does is to change the political calculus required in making Federal fiscal policy decisions. It builds in greater political accountability. The President and Congress will have to explain to the American public why a deficit is needed in a particular year. The current situation, where everyone involved, including past Presidents and the Congress, acts as if the Federal budget is uncontrollable and takes no responsibility for deficits, is what will be ended.

Making the President and Congress more accountable for deficits is perhaps the most important reason the balanced budget amendment is needed. To see why, all anyone has to do is look at Government from the viewpoint of ordinary Americans. Congress is held in the lowest public esteem at any time in my lifetime. Federal deficits are headed down, but the public does not even believe the numbers. Past failures and past short-term budget trickery have created a kind of public cynicism that actually undermines the ability of the Government to work—and which actually prevents the Federal Government from helping people.

This cynicism is corrosive. The benefits of ending the corrosion are incalculable. With public support, there is a lot we can do to make the future brighter and to open up opportunities for every American. The cost of not acting, however, is equally incalculable. Continued pervasive cynicism and distrust of Government jeopardizes the ability of Government to act in the public interest, and indeed, undermines the very foundation of our political system.

Mr. President, we must act; we cannot afford not to act. I decided to run for the Senate when my 15-year-old son said: "Mom, your generation has left this world worse off than you found it." I am determined to prove him wrong. Unless we act, ours will be the first generation of Americans to bequeath a lower standard of living to our heirs and successors. Unless we act, our political legacy to the generations that will follow is will be one of distrust and cynicism. They, and we, deserve better.

WHAT A BALANCED BUDGET AMENDMENT WOULD MEAN TO AMERICA'S VETERANS

Mr. ROCKEFELLER. Mr. President, I want to take a few moments to talk about the uniquely negative impact a balanced budget amendment to the Constitution would have upon the brave men and women who have defended this country. Veterans of the U.S. Armed Forces make up a select group within American society, and our Nation could never have enjoyed the strength and security it is blessed with today without the tremendous contributions they have made. As chairman of the Committee on Veter-

ans' Affairs, I cannot ask America's veterans to forsake the benefits and services they earned through military service because of the Federal deficit.

Mr. President, I support the idea that each American must do his or her part to help solve our economic problems. Everyone's belt must be tightened. This year's budget submitted by the President does just that. We have an obligation, however, to ensure that veterans of this country don't bear an undue burden from our effort to get the Government's fiscal house in order. Many of America's veterans depend on VA's programs and services, much like America once depended on them. To reward the loyalty and service veterans have given with a hollow promise is unacceptable.

What would this balanced budget amendment to the Constitution mean for the men and women who have given so much of themselves to their country already? It would mean, Mr. President, that they would be forced to give of themselves again.

It is impossible to predict with complete accuracy how this amendment, if adopted, would impact America's veterans. However, Secretary of Veterans Affairs Jesse Brown has estimated in recent testimony that this amendment would result in an 11.4-percent cut in veterans' services, totaling $4.3 billion—$2.3 billion in entitlements and $2 billion in discretionary programs. These figures assume that Federal revenues would not increase through taxation, and that cuts resulting from this amendment would be spread equally across the board, Governmentwide. While some supporters of the amendment claim that they do not intend to make further cuts in veterans' services, the fact is that there is nothing in the amendment before the Senate that would shield veterans' programs from the indiscriminate budget policy inherent in this amendment. If defense spending or Social Security benefits were exempted, as has been proposed, the impact to veterans would increase substantially above these 11.4-percent figures.

Mr. President, $4.3 billion is a lot of money, and I want to explain, in real terms, how cuts of this magnitude would affect veterans everywhere. The proposed amendment would take effect in fiscal year 1999, but for purposes of illustration, I will use fiscal year 1995 figures since they will undoubtedly be more accurate. There is no way to be sure how much higher these figures would be in fiscal year 1999.

This amendment would cripple the VA health care system, and could result in the closure of approximately 20 VA medical centers. This would lead to denying nearly 325,000 of America's veterans VA health care, and employment at VA medical centers would be reduced by 24,500 full-time employees. Additionally, VA would be forced to eliminate over 3 million outpatient visits and over 142,000 inpatient stays annually. The activation of newly constructed medical facilities would be eliminated or postponed, and VA's ability to compete under health care reform would be close to impossible. And all this at a time when the VA health system is only serving about 10 percent of our veterans.

Mr. President, the average annual compensation paid to the 2.2 million veterans with service-connected disabilities would be reduced by $634, from the current amount of $5,602 to $4,968. In the case of a totally disabled veteran requiring aid and attendance in order to avoid admission to a hospital or nursing home, the veteran's annual compensation would decline by $2,495, from the current amount of $24,444 to $21,949.

Veterans with service-connected disabilities who seek vocational rehabilitation would have to wait 4 to 5 months for an initial interview, and no followup on the veteran's progress would ever ensue; surviving spouses of veterans would be forced to wait 6 months for the proceeds from their spouse's insurance policies—long after funeral homes would begin demanding payment for services; and VA home loan foreclosures would increase substantially due to the forced discontinuance of loan processing within VA.

For the 342,000 veterans receiving educational assistance under the GI bill, the average benefit would be cut by $287, from the current amount of $2,427 to $2,140. These benefits were earned through a combination of dedicated service and a $1,200 payroll deduction from each veteran's pocket. Such a reduction would prove detrimental to many veterans' prospects for a higher education, particularly in an era when tuition costs continue to rise.

Mr. President, it is even more symbolic that the cuts resulting from a balanced budget amendment would deny VA burial to more than 12,000 veterans annually. Cemeteries would have to be closed—35 of VA's 58 cemeteries which still offer full services to first interments would be closed to meet the required reductions in full-time employees. This amendment would also reduce VA's ability to mark the graves of our Nation's veterans by 35,000 headstones.

Mr. President, this amendment would impose cuts upon many more programs and services for veterans than I can mention here today, and I stress to my colleagues that the other cuts would be equally unjust and harmful. It might seem tempting to think that we can control the Federal deficit by using a simple formula written into the Constitution, but we cannot. It requires skilled leadership and the use of tools already available to the Federal Government. With this year's budget legislation, the President and Congress have begun to exercise that leadership. This is no time to pretend there is some easier way.

Mr. President, certain benefits and services were promised to the men and women who helped to defend our country. By passing this amendment, we are not only sending all Americans a message that we are unable to exercise leadership, but also that Government is unwilling to honor its obligations to those individuals who have brought honor to their Nation.

Mr. DOLE. Mr. President, poll after poll has shown that the majority of Americans support a balanced budget amendment to the Constitution. That makes the Senators who want to vote for more spending and against the balanced budget amendment nervous. So instead of resolving to make the tough choices, they have put forward a balanced-budget-lite-amendment to give themselves political cover.

Two weeks ago, one budget expert predicted and I quote—"There are going to be some Members who are going to have to have an alternative proposal that they can vote for in order to give them cover to come out against the Simon proposal." He added, "If you just allow people to say 'are you for or against a balanced budget,' you'll lose it." That's not BOB DOLE talking—That's President Clinton's Budget Director Leon Panetta.

Let's face it, this amendment is political fig leaf, and a pretty skimpy one, at that. Let no one be fooled into believing that this so-called balanced budget amendment will come anywhere close to balancing the budget. For starters, this amendment only requires that the operating budget be balanced. That means all spending for Federal Investments would be outside the reach of this constitutional amendment.

Now what exactly would be counted as an off-budget Federal investment? Scientific research and development? The construction of Government office buildings? The purchase of military hardware? Human capital investments, such as job training and education? Or even social investments in national health care and drug abuse treatment?

If the big spenders have their way, the definition of Federal investment could be as broad enough to include almost everything the Federal Government does. That won't leave much Federal spending subject to the discipline of a balanced budget amendment.

Another big loophole in the Reid alternative is the recession waiver. This provision would suspend the balanced budget requirement if the Director of the Congressional Budget Office declares a recession.

How long do you think it would take for the big spenders in Congress to pressure CBO to predict convenient annual recessions? That is an additional burden the Congressional Budget Office

does not need or want. If Congress decides the economic situation warrants deficit spending, then let us come up with 60 votes to waive the amendment. That is what the Simon-Craig amendment requires and I don't think it is unreasonable.

The ultimate failing of the Reid amendment is that it does not require a supermajority vote to raise the debt limit. Senator SIMON included this requirement as a protection against misestimates. With the Reid amendment, there is nothing to keep congressional budget estimators honest. As long as a balanced budget is predicted, no cuts are required, even if we later learn the predictions were nothing but smoke and mirrors.

No doubt about it, the Reid balanced budget amendment substitute has so many loopholes, you could drive a $300 billion deficit through it. So, if you support real budget discipline, as most Americans do, save your "yes" vote for the only real balanced budget amendment to the Constitution—the Simon-Craig amendment.

Mr. COATS. Mr. President, I rise today in opposition to the Reid substitute amendment. The Simon-Hatch-Craig balanced budget amendment is the product of hundreds of hours of debate; thousands of hours of testimony; years of consensus building in Congress and in the States. The Reid constitutional amendment has not had the benefit of any similar careful review.

Over the last several days, Members have come to the floor and expressed their grave concerns about amending the Constitution with the Simon amendment. I admit that amending the Constitution is serious business—the most serious act of which the Congress is capable. But I wonder if any of those Senators who have been reluctant to amend the Constitution will now find it acceptable to vote for the Reid constitutional amendment.

And, let there be no mistake. A vote for Reid is a vote for the status quo or worse. The Reid amendment calls for the balancing of the operating expenses of the Federal Government but exempts so-called capital investments. By keeping capital investments out of the mix, the amendment creates a huge loophole that will likely cause deficits to rise. It would allow the Federal Government to fund programs to its heart's content by classifying them as capital investments and thus moving them off-budget.

Moreover, the Reid substitute does not even define capital investment, and there is no commonly held Federal budget concept of this term. President Clinton's fiscal year 1995 budget, for example, contains five broad categories of spending totaling $234 billion that may or may not be defined as a capital expenditure.

With today's votes, we hold our credibility in our hands. We can prove our commitment to deficit reduction to a nation that doubts it, or we can maintain the status quo and continue to mortgage our Nation's fiscal future.

The Simon amendment is an opportunity—a chance to leave our children a legacy other than monumental debt. It is also a chance to restore some needed trust in this institution. The trust of our citizens, just like their tax dollars, has been spent and wasted as though it would never end. But that supply, too, has run out.

If Congress kept its commitments, no constitutional amendment would be required. Yes, it is a shame that an amendment is necessary. But it is necessary because Congress has lost its shame.

The PRESIDING OFFICER. All time has expired on the amendment.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:30 p.m.

Thereupon, at 1 p.m., the Senate recessed until 2:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. KOHL).

BALANCED BUDGET AMENDMENT

The Senate continued with the consideration of the joint resolution.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I yield 7½ minutes to myself.

Mr. President, we are in the final throes of this debate.

The PRESIDING OFFICER. The Senator from Illinois controls the time.

Mr. SIMON. Mr. President, I yield 7½ minutes to the Senator from Utah.

Mr. HATCH. Mr. President, we are in the final arguments with regard to an amendment which was just brought forth 5 days ago, with not 1 day of hearings, not one constitutional authority testifying in favor of or against it—I doubt if anyone would testify in favor of it—not one debate in the Judiciary Committee of either House of Congress; just suddenly brought forward, just out of nowhere, and I have to say poorly written at that.

Mr. President, we have a national debt of $4.5 trillion and it is slowly killing our businesses and individuals by soaking up capital that could be used to create jobs and wealth for all Americans.

The debt is over $18,000 for each man, woman, and child in this country, and the problem is getting worse exponentially. In 1975, our per capita debt was $2,500 per person; now it is $18,000 per person. Our debt has increased more than sevenfold in the last 19 years. In fact, it increased $1,300 last year.

I wish an amendment to the Constitution were not necessary, but it is. Statutory measures have been tried ad infinitum, but for one reason or another they have not worked. We simply have not gotten control over our deficit problem under either statutory measures, past or present, or any other form except this one. Even under the rosiest estimates of OMB, under the Clinton deficit reduction plan, the debt will grow from $4.5 trillion to over $6.3 trillion in 1999. OMB, the Office of Management and Budget, estimates that interest on the public debt will grow from $293 billion this year to $373 billion by 1999.

That is a rosy scenario; what if it is worse and what if interest rates go up? And we all know they are headed that way. And CBO estimates that our yearly deficits will rise to $365 billion in 10 years. So much for the "Clinton deficit reduction."

I repeat: We do not have the deficit under control. This uncontrollable debt burden will be the legacy that this generation leaves our children and grandchildren, and Elaine and I have 14 grandchildren and 6 children.

Mr. President, the American people think this is wrong. They want Congress to get its spending addiction under control, and they know that anything short of a constitutional amendment has failed. That is why the American people, practically 70 percent of them, overwhelmingly want a balanced budget constitutional amendment. I might add that only 18 percent in this country do not want that. A poll released yesterday shows that.

The Senate is about to vote on one of two proposed balanced budget amendments: The Reid alternative, a hastily contrived political fig leaf to cover those who want to oppose the real consensus amendment, and the Simon-Hatch amendment.

This morning, I gave 10 reasons why the Reid amendment is an unacceptable alternative to the Simon-Hatch balanced budget amendment. I would like to briefly summarize the five most important reasons why the Reid alternative should be rejected and the Simon-Hatch amendment be accepted.

No. 1, the Reid amendment conflicts with the underlying philosophy of the Constitution, basically, in three ways. First, it cedes broad constitutional authority to unelected officials. Second, it denies fundamental norms of due process by denying any and all access to any court to vindicate any private rights unless Congress so allows in future legislation. Third, it is undemocratic.

No. 2, the Reid amendment does not require that the whole budget be balanced, and it contains a number of loopholes through which large deficits could be run. Battleships or carriers could go through those loopholes. It is the Reid alternative, however, that has

mammoth loopholes, with exceptions for everything outside of the undefined "operating budget" of the United States including what it refers to as "capital investments," a term that is not defined by the amendment and its meaning is not agreed upon at the Federal level. Who knows how broadly that could be construed. Loopholes, loopholes, loopholes.

No. 3, the Reid amendment allows deficit spending in so many instances that under it, we would never get the debt under control. As a matter of fact, it has been estimated that if the Reid amendment had been in effect over the last 45 years, the Reid amendment would have resulted in a suspension of the balanced budget amendment for 22 of those 45 years. Just think about it.

No. 4, the Reid amendment has no functional enforcement provision. There is no three-fifths rollcall vote necessary to sustain a debt ceiling.

No. 5, the Reid amendment encourages continued congressional irresponsibility in the budget process. Each of the flaws I have discussed, Mr. President, opens the Reid amendment to abuse and creates a vent through which the pressure to make the hard choices can escape, along with any possibility of a balanced budget.

Mr. President, the Reid amendment is a rule swallowed by exceptions. It allows numerous avenues for deficit spending through which Congress can continue its current profligacy. And, finally, it supports continued congressional irresponsibility.

In contrast, the Hatch-Simon amendment requires Congress to take responsibility for all Federal spending and taxing decisions. It forces Congress to set priorities and make spending decisions within the limits of available revenues. It requires the Congress to spend for the things that the American taxpayers are willing to pay for and no more. It stops the further abdication of congressional responsibility encouraged in the Reid amendment, and requires Congress to once again take the constitutional duties seriously and in the way the framers intended.

Mr. President, I see that my time is about up. Literally, if we want to really do something about the budgetary deficits and do something for the future of our children and grandchildren and the country as a whole, then we have to vote down the Reid amendment and vote up the Simon-Hatch amendment, which is being awaited over in the House. If we pass it here, they cannot wait to get their hands on it and pass it over there. If we are really serious, that is what we have to do.

Mr. President, I yield the remainder of my time to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. SIMON. Mr. President, as I have said on the floor before, I have great respect for my colleague from Nevada. I worked with him on some things and traveled with him to a variety of places. But the real bottom line is the Reid amendment is too weak for the kind of problem that we face. If we were just the first 2 years into a deficit, the Reid amendment might make some sense. When we have a deficit the dimensions of which we face right now, we need strong medicine. An aspirin is not going to do the trick.

Let us take a look at it. Our amendment says outlays have to be matched by receipts. His amendment says total estimated outlays have to match total estimated receipts. The estimates have to match.

Now, our amendment provides you can make estimates; you have to do that, but outlays and receipts have to match. That is a huge difference.

Second, he provides for, as Senator HATCH just pointed out, an operating budget and a capital budget. Now, a local school district has to do that. Many States have to do that, though frankly States have abused this. But the Federal Government does not need to do this. What project do we have that requires us to issue bonds? The biggest project in the history of humanity, the Interstate Highway System, we paid for on a pay-as-you-go basis. The biggest single project we have is a nuclear carrier. We pay for it over 6 years, $1 billion at the very most out of a $1.5 trillion budget. We do not need to have a capital budget.

Then the question of enforcement. Some people have been complaining about our amendment because they say it is too tough. As Senator BYRD said in the Chamber, it has no wiggle room. We say to raise the debt, you need a three-fifths vote. In his amendment, there is no enforcement. It says, "Congress may by appropriate legislation delegate to an officer of Congress the power to order uniform cuts." May. That is toothless. We are going to try to gum the deficit down. We have to have teeth in the deficit to do anything.

Then it says, "This article shall be suspended for any fiscal year and the first fiscal year thereafter if the Director of the Congressional Budget Office * * *.

First of all, in language, we put the Director of the Congressional Budget Office into the Constitution. We do not have the Secretary of State nor Secretary of Defense nor any Cabinet Officer in the Constitution of the United States. We put in the Director of the Congressional Budget Office. It is like some of the State constitutions; California and Louisiana do that. We should not do that in a Federal Constitution.

But if the Director of the Congressional Budget Office estimates that real economic growth has been or will be less than 1 percent for two consecutive quarters during the period of those 2 fiscal years. That means, Mr. President, as has been pointed out by Senator HATCH—we went back and looked at it over a 44-year period—from 1950 to 1994, we would, in 22 of those 44 years, have permitted deficits. There are just too many loopholes here. Its intent is all right.

But we face a situation that is serious. Unless we do something, we are going to hand future generations a very, very smaller legacy, much smaller legacy, than we inherited.

The Reid amendment is not an answer to any problems. It is a weak response when we need a strong response.

The amendment should be defeated.

Mr. President, I reserve the remainder of my time.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I send to the desk and ask unanimous consent to have printed in the RECORD a document entitled "Questions Regarding The Reid Balanced Budget Amendment" given to me by Senator CRAIG.

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

QUESTIONS REGARDING THE REID BALANCED BUDGET AMENDMENT

Yesterday, the Senator from Idaho, Senator Craig, asked and received unanimous consent to have printed in the Record a long series of questions about my amendment. Here are my responses to his questions:

With regard to section 1 of my amendment, Senator Craig first asked: "Whose estimates would be used for establishing 'estimated receipts'?"

My response is that the estimates used for establishing "estimated receipts" under my amendment would be provided by the same sources that would provide them in furtherance of section 6 of the Simon amendment, which states, and I quote:

"The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts."

As the Senator from Idaho knows, Congress traditionally relies on the nonpartisan Congressional Budget Office to provide estimates of receipts and outlays. Of course under my amendment, just as under the Simon amendment, Congress could designate another office to provide estimates, such as the Office of Management and Budget or the General Accounting Office, as Congress did in the Gramm-Rudman-Hollings law.

Next, the Senator from Idaho asked three questions about the process by which Congress would determine estimates of revenues: "Would Congress have to approve the receipts estimate?" "Does the gentleman believe that his amendment will require an annual concurrent budget resolution? Would this be the mechanism for arriving at the Constitutionally required estimates?" "If the Reid amendment does require that Congress continue to pass annual concurrent budget resolutions, can you explain why you chose to place this relatively new statutory requirement into the Constitution? If not, what alternative mechanism(s) do you envision?"

In response to all of these questions, let me say that the manner in which Congress de-

termines receipts is a matter that the Congress can determine through implementing legislation. A Constitution, as the great Chief Justice John Marshall said, should mark only the "great outlines" of the law; it should not become mired in detail. To quote Chief Justice Marshall, in the landmark case of McCulloch versus Maryland:

"A Constitution, to contain an accurate detail of all the subdivisions of which its great powers will admit, and of all the means by which they may be carried into execution, would partake of the prolicity of a legal code, and could scarcely be embraced by the human mind. It would probably never be understood by the public. Its nature, therefore, requires that only its great outlines should be marked, its important objects designated, and the minor ingredients which compose those objects be deduced from the nature of objects themselves. * * * [W]e must never forget that it is a constitution we are expounding."

Thus, whether and in what manner Congress approves estimates of receipts is up to Congress as it implements the amendment. It is not absolutely necessary that Congress annually approve estimates of receipts. For example, Congress might well create points of order, which Congress could waive only by a concurrent resolution adopted by three-fifths votes, that could be raised against any legislation that causes estimated outlays to exceed estimated receipts. This self-enforcing mechanism would require no annual blessing of any particular estimate, and could operate much as points of order under the Congressional Budget Act of 1974, only these points of order would be harder to waive.

Fifth, the Senator from Idaho asked, "Is there anything comparable to the debt limit provision of S.J. Res. 41 that would prevent the use of rosy scenario estimates to comply with the amendment in form only?"

My response is that, yes, the Reid amendment will have all the teeth that the Simon amendment has. Both amendments rely on future Congresses to abide by their oaths to uphold the Constitution.

The Simon amendment relies on future congresses to define the new term "[t]he limit on the debt of the United States held by the public." That term is nowhere defined in law now. The debt limit defined in title 31, section 3101 of the United States Code is an entirely different concept. What would prevent the use of creative accounting to define the new limit? What would prevent the Congress from defining certain types of borrowing out of this new limit?

The answer is that the sworn duty of Senators and Congressmen to uphold the Constitution is what would prevent that. The answer is the same for my amendment.

Sixth, the Senator from Idaho asked, "Would the President have any role in a decision to approve deficit spending? Would this role include approving estimates?"

On this point, let me respond, there is a significant difference between the Simon amendment and my amendment. Under the Simon amendment, in sections 1 and 2, the exception is available only if three-fifths of each House of Congress provides, and I quote, "by law." That means that the President would have a role under the Simon amendment, and could veto the legislation by which Congress sought to provide for an emergency. In that event, where the President disagreed with Congress about whether there was an emergency or not, the Congress would have to vote for the exception by a two-thirds vote of both Houses. In other words, under the Simon amendment, 34 Senators or one-third plus one of the house could prevent emergency legislation. And, if Senators will remember back to the last administration, it has not been that long since we had a President who opposed taking actions to lift the Nation out of an economic emergency.

In contrast, under the Reid amendment, three-fifths means three-fifths. Section 1 of my amendment says that three-fifths of each House of Congress may provide for an exception, and I quote, "by concurrent resolution." That means that if three-fifths of each House does vote to provide for an exception, then an exception exists. The President can not force upon the Congress a requirement for a two-thirds vote to provide for an exception.

Seventh, the Senator from Idaho asked: "Would the estimates be required before the beginning of the fiscal year?"

My response to this question is the same as my response to the second through fourth questions above: The manner in which Congress determines receipts is a matter that the Congress can determine through implementing legislation. A constitution, as the great Chief Justice John Marshall said, should mark only the "great outlines" of the law; it should not become mired in detail. As Chief Justice Marshall said, "[W]e must never forget that it is a constitution we are expounding."

Eighth, the Senator from Idaho asked: "As economic and fiscal circumstances change during a fiscal year, would section 1 require revisions of the estimates? Would Congress be required to pass a new concurrent resolution to revise the estimates?"

My answer is "no." The amendment uses the term "estimated," just as the Simon amendment uses the term "estimates," in recognition of the fact that budgets are formulated in advance of the period for which they budget. Otherwise they would not be budgets, but merely accountings of what has transpired. Consequently, both my amendment and the Simon amendment recognize that Congress must use estimates to formulate its budgets before the actual data on a fiscal year have come in.

To require Congress constantly to revise these estimates would wreak havoc on the budgeting process, particularly as the fiscal year came to a close. For example, if in August, a little over a month before the end of the fiscal year on September 30, actual data indicated that outlays were exceeding revenues, a requirement to use actual data would force the Government to make irrational, short-sighted cuts in those few accounts that had any money left in them to cut. These accounts could well be personnel accounts and monthly transfer payments. Suspending these payments for one month might actually cost the Government money over the period of several months. The cost of defending the Government against lawsuits from aggrieved beneficiaries alone would be significant.

The amendments made by the 1990 Budget Enforcement Act have demonstrated how much more rationally the budget process works when the rules of the game are locked in early and stay the same throughout the year. The Budget Enforcement Act did as much for the sequestration process under Gramm-Rudman-Hollings, the opportunities to play games with the system have been substantially reduced as a consequence.

Ninth, the Senator from Idaho asked, "What would happen if Congress did not establish or did not provide for the establishment of the Constitutionally required estimates?"

My response is that Congress will abide by the Constitution. As the principal Republican sponsor of the amendment, Senator Hatch, said last Thursday:

"I do not think Members of this body would fail to take that amendment, would fall to take that amendment, once it passes the Senate, and once it passes the House, from that minute on, I do not think there is a person in this body who would not be interested in living up to his oath of office, which requires fealty to the Constitution of the United States, who would not take it seriously and who would not realize that the game is up around here, and that we have only 7 years on a glide path to reach a balanced budget.

"I have to tell you, I cannot imagine a Member of this body, if this resolution passes both Houses of Congress, who would not take their responsibilities very, very seriously to start that day and do what is right.

"This is important. We take our oath seriously around here. There is nothing in the Constitution right now that requires a balanced budget.

"* * * [I]f we are obligated to meet the terms of this constitutional amendment, that alone is enforcement, and the ballot box is going to be even more enforcement.

"There will not be any more voice votes around here hiding who is breaking the budget. We are all going to have to face the music. So do not say that we should turn over the enforcement to the courts of this country. It would destroy the judiciary if they had to do that. We, the Congress, have to do what is right.

"There is no question in my mind that the way to enforce this constitutional amendment is by fealty to the Constitution and by having to stand for election and face the voter who might vote against you if you do not live up to your fealty to the Constitution."

With regard to section 2 of my amendment, the Senator from Idaho asked: "Would the amendment provide an incoming President with the option of submitting a budget later than the first Monday in February, as President Clinton did last year?"

In response, let me first quote section 2 of the amendment, which provides:

"Not later than the first Monday in February in each calendar year, the President shall transmit to the Congress a proposed budget for the United States Government * * *."

Congress could set an earlier date in the case of Presidential transition years, so that the outgoing President would bear the burden of producing the budget, which the incoming President could then revise. That has been the practice in all other transition years since World War II. Indeed, a close reading of the legislative history of section 1105 of title 31 of the United States Code would indicate that President Bush should have submitted a budget before he left office in 1993. See page 1171 of House of Representatives Conference Report Number 101-964.

With regard to section 3, the Senator from Idaho's first two questions asked: "Can the gentleman explain why his amendment provides Congress with less discretion in choosing whether or not to relax budget discipline during slow growth than it has under the Budget Enforcement Act? (The [Budget Enforcement Act] provides that Congress may vote to suspend the discipline of the [Budget Enforcement Act] if CBO projects negative

growth for two consecutive quarters or if the Commerce Department finds that actual growth was less than 1 percent for two quarters.)" "Why did the gentleman choose a lower threshold in determining a recession in order to waive the amendment (projected growth of less than one percent) than the threshold for a vote on suspending the [Budget Enforcement Act] (projected negative growth)?"

My response is that the information that the Senator provides parenthetically after his first question contradicts the premise of his question. As the Senator correctly implies, my amendment is patterned after the existing test in the Gramm-Rudman-Hollings law. My amendment would provide approximately the same flexibility as now exists under that law. Under both the statue and my amendment, Congress can choose to provide outlays in excess of revenues if past real growth has been estimated to have fallen below one percent.

Third, the Senator from Idaho asked: "Is it the Senator's intent that his amendment will supersede the provisions of the Budget Enforcement Act of 1990 and prohibit a [Budget Enforcement Act] vote of Congress to suspend the budget discipline of the [Budget Enforcement Act] during times of slow growth?"

My answer is no. The provisions of my amendment do not supersede the Budget Enforcement Act in all particulars. Where they are not inconsistent, both the amendment and the statute will remain in force. Congress may, if it so chooses, continue to provide requirements more rigorous than those in the amendment. After ratification of the amendment, Congress may not by statute provide requirements less rigorous than those in the amendment.

Fourth, the Senator from Idaho asked: "Can the Senator explain how the provision for suspending the amendment would operate during periods in which there is no Director of the Congressional Budget Office?"

My response is that, under existing statute, such a time cannot exist for very long. Section 201(a)(1) of the Congressional Budget Act of 1974 provides that the Deputy Director of the Congressional Budget Office "during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director."

Fifth, the Senator from Idaho asked: "Can the Senator explain why the amendment would be waived for two fiscal years after a determination that economic growth has been less than 1 percent, even though the economy might be in an expansionary phase during the second fiscal year after the determination?"

My answer is that my amendment follows and simplifies the procedures in section 258(c)(2) of Gramm-Rudman-Hollings, 2 U.S.C. section 907a(c)(2). Under that section, Gramm-Rudman-Hollings is suspended for up to 2 fiscal years and under no circumstances less than 1 complete fiscal year.

As a practical matter, the facts supposed by the Senator in his question are unlikely to take place. As a practical matter, the Congressional Budget Office rarely projects recession; they simply do not predict turning points in the economy. As a matter of practice, the Congressional Budget Office has reported recessionary periods only after the downturn has begun. Thus, as a practical matter, the Director would in all likelihood make the estimate of less than one percent growth during the first of the 2 years provided in the amendment. The amendment would thus be suspended in practice for only one full fiscal year, most likely a year for which much of the congressional budget process had already taken place.

Sixth, the Senator from Idaho asked: "Can the Senator explain why he granted the Director of CBO, an unelected, minor official, the authority to determine whether or not the provisions of a Constitutional amendment should be waived?"

My answer is that the amendment delegates this authority to the Director of the Congressional Budget Office so that a respected, nonpartisan officer could make this important determination independently.

The Senate Republican Leadership has been quite effusive of late in praising the Director of the Congressional Budget Office for his objectivity and independence. With regard to one recent report, the Republican Leader said:

"I congratulate the CBO Director, Mr. Reischauer, because I think they did put together a very objective and comprehensive analysis under very difficult circumstances."

That same day, February 8th of this year, the Ranking Republican Member of the Senate Budget Committee added his praise:

"I rise today, I say to the Senate and my fellow Senators, to congratulate a very, very, courageous employee of the U.S. Government, the Director of the Congressional Budget Office, Dr. Reischauer. Frankly, he has been under enormous pressure on the issue. * * *"

With regard to section 4, the Senator from Idaho's first two questions asked: "Why did the Senator choose not to define the term 'capital investment' in his amendment? What is the Senator's understanding of what would be considered a 'capital investment' under his amendment? Would it include spending for scientific research and development? The construction of government office buildings? The purchase of military hardware? Would it include spending for grants to state and local governments for capital expenditures? What about grants such as Economic Development Administration grants that may be used for both capital and non-capital items? Does the Senator believe, as the Chairman of the House Government Operations Committee does, that capital expenditures should recognize human capital: such as job training, education and head start?"

My answer is, as I have noted before, a Constitution, as the great Chief Justice John Marshall said, should mark only the "great outlines" of the law; it should not become mired in detail. As Chief Justice Marshall said, in the landmark case of McCulloch versus Maryland:

"A Constitution, to contain an accurate detail of all the subdivisions of which its great powers will admit, and of all the means by which they may be carried into execution, would partake of the prolixity of a legal code, and could scarcely be embraced by the human mind. It would probably never be understood by the public. Its nature, therefore, requires that only its great outlines should be marked, its important objects designated, and the minor ingredients which compose those objects be deduced from the nature of objects themselves. * * * [W]e must never forget that it is a constitution we are expounding."

Thus, in what manner Congress defines "capital" is a matter for implementing legislation. I shall not here today attempt to create legislative history that would once and forever lock in a definition of "capital."

I shall note, however, that this is a matter on which there is ample precedent on which to draw. States have had decades of experience defining what is a capital investment and what is an operating expense.

For more than 40 years, the President's budget has presented information on capital investments. This year, that information appears in section 8 of the "Analytical Perspectives" volume of the President's budget.

Furthermore, in November of last year, the General Accounting Office released a study of the issue entitled "Budget Issues: Incorporating an Investment Component in the Federal Budget." Similarly, the Congressional Budget Office has recently issued another study on investments in the Federal budget.

The author of the amendment specifically and purposely (sp) excluded from the substitute, language dealing with human capital.

Third, the Senator from Idaho asked: "Would there be any restraint on the type of items that were included in the capital budget or the magnitude of borrowing to finance capital expenditures comparable to the restraint placed on states through bond ratings?"

My answer is that the Federal Government does labor under a restraint entirely analogous to that placed on states through bond ratings. After all, the consequence of poor bond ratings is that the state government in question must pay higher interest rates for the money it borrows. When that state goes into the market for money, it must pay a higher price for that money in interest costs to compensate lenders, that is, the purchasers of state bond issues, for the higher risk.

Similarly, if the Federal Government tries to borrow too much money, interest rates will go up. In other words, in the marketplace for money—the bond market—the Federal Government would bid up the price of money—interest rates. Consequently, in borrowing money, the Federal Government labors under the same restraint that state governments do—the incentive to reduce interest costs.

Fourth, the Senator from Idaho asked: "What impact would the Section of the Reid amendment have on the treatment of capital expenditures which currently are subject to the discretionary caps in the [Budget Enforcement Act]? Does the amendment implicitly or explicitly exempt programs from the [Budget Enforcement Act] caps? If not, would we have two sets of accounting in which capital investments are off-budget for purpose of the Constitution, but subject to caps and sequesters under statutes?"

My answer is that my amendment would not necessarily have any effect on the caps under the Budget Enforcement Act. In this area as in others, Congress is free by statute to require greater rigor than that required by the Constitution. Congress simply may not by statute lessen the rigor provided by the Constitution. Consequently, I would expect that the rules in the Budget Enforcement Act would continue in force, as they regulate cash accounting, rather than capital accounting.

Whether the Budget Enforcement Act endures over time, of course, is a matter for future Congresses to decide. If Congress came to the conclusion that the Budget Enforcement Act provided unneeded complexity in combination with my amendment, then Congress could amend the law. I would not be at all surprised, for example, to see greater integration of capital budgeting into the Budget Enforcement Act if my amendment is adopted and ratified.

Fifth, the Senator from Idaho asked: "Is there any restriction on what could be defined as 'outlays of the Federal Old Age and Survivors Trust Fund'? Could Congress fund Medicare, veterans benefits, civil service and military retirement or other spending from outlays of the OASDI Trust Fund?"

My response is that the constraint on the Social Security Trust Fund under my amendment is the same as that under current law: The "fire wall" points of order in subtitle C of the Budget Enforcement Act will continue to prohibit actions that worsen the balances of the Social Security Trust Fund. As Senators know, these points of order require 60 votes to waive, and have provided very effective protection of the Social Security Trust Fund.

Sixth, the Senator from Idaho asked: "Does the Senator's amendment make any provision for the years in which the Social Security trust fund will face cash shortfalls?"

My answer is that the best protection for the Social Security Trust Fund in preparation for the next century is to prohibit the use of the Social Security Trust Fund balances to balance the non-Social Security budget, as is allowed in the Simon amendment. In other words, the best way to ensure the solvency of the Social Security system is for the Government to bring the rest of the budget into balance. That is what my amendment requires. That is why 98 of 100 Senators voted in 1990 in favor of the Hollings amendment that took Social Security off budget as a matter of statute. Senators overwhelmingly believed that taking Social Security off budget was the best protection for Social Security. They were right then, and they should do the same today.

Seventh, the Senator from Idaho asked: "Is there anything in the Senator's amendment that would prevent Congress from cutting Social Security benefits?"

My answer is that taking Social Security out of the calculations that must be balanced under the amendment is the best way to reduce the incentives in the system for Congress to cut Social Security benefits. Under the Simon amendment, cutting Social Security benefits will help you get to balance. That is not so under my amendment, and consequently, Congress will be much less likely to cut the benefits that Social Security recipients have worked so hard for so long. That is why major Social Security groups have endorsed my amendment. And that is one of the reasons that every major group representing the interests of Social Security beneficiaries opposes the Simon amendment.

Eighth, the Senator from Idaho asked: "If the definitions of OASDI receipts and outlays would be restricted by the amendment, would Congress be prohibited from establishing new OASDI benefits and/or changing the trust fund's funding mechanisms?"

My answer is that my amendment does not freeze Social Security now and forever in its current condition. Congress will be able to establish new benefits or change the trust fund's funding mechanism so long as it abides by the fire walls in subtitle C of the Budget Enforcement Act. As I have noted before those fire walls erect 60-vote barriers against actions that would worsen the Social Security Trust Fund balances.

With regard to section 5 of the amendment, the Senator from Idaho first asked: "Can the Senator explain why he chose to include in his amendment language overturning the Supreme Court case of Bowsher vs. Synar regarding the fundamental Constitutional doctrine of separation of powers by allowing Congress to vest the executive authority to order uniform cuts in an officer of Congress?"

My answer is that my amendment seeks to overturn Bowsher versus Synar to restore the compromise between the legislative and the executive branches that Congress struck in the original Gramm-Rudman-Hollings legislation in 1985. As the Senator from Idaho will recall, in that law, Congress vested the independent, nonpartisan General Accounting Office with the authority to arbitrate between the Congressional Budget Office and the Office of Management and Budget in the determination of whether the law required across-the-board cuts.

In Bowsher versus Synar, the Supreme Court held the Gramm-Rudman-Hollings law unconstitutional because it delegated this power to the Comptroller General, who heads the General Accounting Office. The Court that decided Bowsher versus Synar concluded that the Comptroller General was a Congressional officer because Congress could remove him, even though the President appoints that officer. The Court then argued that such a congressional officer could not take the executive branch actions of ordering across-the-board cuts.

My amendment merely restores the situation before Bowsher versus Synar, allowing a Congressional officer to order the cuts, so that Congress could once again vest in the Comptroller General the authority that it gave that officer under Gramm-Rudman-Hollings.

Second, the Senator from Idaho asked: "Does the Senator believe that it is appropriate for Congress to overturn a Supreme Court decision through a Constitutional amendment without the benefits of hearings?"

I reject the premise of the Senator's question. Congress has held numerous hearings on the decision in Bowsher versus Synar. For example, in 1986, the Senate Committee on Governmental Affairs held a hearing on possible responses to Bowsher versus Synar. The 295 pages of testimony from that hearing are printed in Senate hearing number 99-1078. Among the witnesses who testified before the Committee were Professor Cass Sunstein of the University of Chicago School of Law and Ernest Gellhorn, the former Dean of Case Western Reserve Law School, as well as Senators Domenici, Gramm, and Hollings.

Third, the Senator from Idaho asked: "Is it the Senator's understanding that this section prohibits absolutely any judicial enforcement of the amendment unless Congress passes legislation explicitly granting a role to the courts?"

My answer is yes. The courts cannot enter this thicket any more than they can intrude into the decision of whether the Senate shall impeach a judge. These decisions are and should be within the sole discretion of Congress.

Fourth, the Senator from Idaho asked: "What is the meaning of the phrase 'appropriate legislation enacted by Congress' If Congress passed no implementing legislation, does the black letter of the amendment preclude any enforcement?"

My first response is to repeat my answer to the Senator's ninth question above: Congress shall abide by the amendment and enact enforcing legislation. As the principal Republican sponsor of the amendment, Senator Hatch, said last Thursday:

"I do not think Members of this body would fail to take that amendment, once it passes the Senate, and once it passes the House, from that minute on, I do not think there is a person in this body who would not be interested in living up to his oath of office, which requires fealty to the Constitution of the United States, who would not take it seriously and would not realize that the game is up around here, and that we have only 7 years on a glide path to reach a balanced budget.

"I have to tell you, I can not imagine a Member of this body, if this resolution passes both Houses of Congress, who would not take their responsibilities very, very seriously to start that day and do what is right.

"* * * [I]f we are obligated to meet the terms of this constitutional amendment, that alone is enforcement, and the ballot box is going to be even more enforcement.

"There is no question in my mind that the way to enforce this constitutional amendment is by fealty to the Constitution and by having to stand for election and face the voter who might vote against you if you do not live up to your fealty to the Constitution."

But even in the absence of Congressionally-enacted implementing legislation, Congress may and shall enforce the Constitution. For example, the Senate enforces without implementing legislation the Constitutional requirement that two-thirds of the Senate vote affirmatively before a resolution of ratification of a treaty is deemed adopted. The Senate simply does not forward such a document to the President unless two-thirds of the Body has not voted. We do not need the threat of court invalidation of treaties to force us to abide by the rule requiring a two-thirds vote. Similarly, here, Congress will abide by the three-fifths rule of my amendment, whether or not there is implementing legislation.

Fifth, the Senator from Idaho asked: "Would the provision allowing Congress to enact 'appropriate legislation' allow Congress to pass legislation denying any judicial standing under the amendment, contrary to the provisions of Article III of the Constitution?"

My response must begin with the observation that it is patently absurd to assert, as the Senator's question does, that the enforcement provisions of a subsequently-adopted amendment to the Constitution could be "contrary to the provisions of Article III of the Constitution." Plainly, the Framers had no conception of my amendment, or any other balanced budget amendment to the Constitution, when they drafted Article III.

Furthermore, Article III judges do no provide enforcement of all provisions of the Constitution. For example, the courts defer to the Senate on impeachment of judges, as section 3 of article I provides, in relevant part, "The Senate shall have the sole Power to try all Impeachments."

Indeed, the Simon amendment, of which the Senator from Idaho is a cosponsor, will provide:

"The power of any court to order relief pursuant to any case or controversy arising under this article shall not extend to ordering any remedies other than a declaratory judgment or such remedies as are specially authorized in implementing legislation pursuant to this section."

This language writes the article III courts out of the business of ordering any relief under the Simon amendment.

Responding to the question that the Senator apparently intended to ask, my intent in drafting section 5 is to keep the courts

and the executive out of enforcing the amendment, simply and completely.

Sixth, the Senator from Idaho asked: "Does the provision granting Congress the ability to 'delegate to an officer of Congress the power to order uniform cuts,' allow Congress to pass legislation requiring across-the-board cuts in Social Security.

My response is that the language, "The Congress may, by appropriate legislation, delegate to an officer of Congress the power to order uniform cuts" must be understood in the context of the sentence that precedes it: "This article may be enforced only in accordance with appropriate legislation enacted by Congress." Both sentences address what Congress may do through appropriate legislation to enforce the amendment. As the amendment does not restrict Social Security, this language should not be read to empower the Congress to delegate to an officer of Congress the power to order across-the-board cuts in Social Security.

Seventh, the Senator from Idaho asked: "Could Congress choose to exempt any programs from the uniform cuts that could be ordered under the amendment, or does the phrase 'uniform cuts' mandate the inclusion of any or all programs?"

My response is that the term "uniform cuts" should be read within the historical context in which it was written. The "uniform cuts" I envision the Congress delegating are cuts similar to those provided for by the Gramm-Rudman-Hollings law. Consequently, I envision that Congress could provide for exceptions to these uniform cuts, as Congress did, for example, in section 255 of Gramm-Rudman-Hollings, 2 U.S.C. section 905, for veterans' programs, low-income programs, and other specified programs.

Eighth, the Senator from Idaho asked: "Would the 'officer of Congress' have any discretion in determining which programs would be subject to uniform cuts?"

My response is that I envision that the Congress could choose, through implementing legislation, what degree of discretion that it wished to delegate to the officer of Congress. I envision that Congress would probably choose to delegate to the Comptroller General only that amount of discretion that it delegated to the Comptroller General in the 1985 Gramm-Rudman-Hollings law.

Ninth, the Senator from Idaho asked: "What examples of an 'officer of Congress' does the Senator contemplate could order uniform cuts? Could the Secretary of the Senate or the Doorkeeper of the House or the Architect of the Capitol order cuts?"

Mr. response is that I envision that Congress would delegate to the Comptroller General the power to order uniform cuts. I also expect that the Congress would delegate to the Director of the Congressional Budget Office a role in the determination of what uniform cuts should be made. Those are the delegations that Congress made in the 1985 Gramm-Rudman-Hollings law.

I no more envision the Congress delegating such powers to the Secretary of the Senate or the Doorkeeper of the House or the Architect of the Capitol under my amendment than the Senator from Idaho envisions Congress delegating such powers to the Postmaster General or the Director of the National Aeronautics and Space Administration or the head of the Competitiveness Council (should it be reconstructed) or any minor executive branch official, as would be allowed by the Constitution as amended by the Simon amendment.

With regard to section 6, the Senator from Idaho asked: "Why did the gentleman choose to make Section 5 (which overturns Supreme Court decisions on separation of powers and allows an officer of Congress to order uniform cuts) and Section 6 of the amendment effective immediately?

My answer is that immediately upon ratification of the amendment, Congress will have to set about enacting implementing legislation to begin the process of reducing the deficit to zero. This implementing legislation, which would take effect before the requirement for balance of section 1 of the amendment, would play a key role in the fiscal policy of our Nation, as it would govern the process by which the Nation rids itself of our current deficits. For this process, Congress should be able to delegate to the Comptroller General and the Director of the Congressional Budget Office the roles that Congress delegated to them under the 1985 Gramm-Rudman-Hollings law. To this end, I have written section 5 to take effect immediately upon ratification of the amendment. For section 6 effectively to provide for section 5 to take effect immediately upon ratification, section 6 also must take effect upon ratification.

Mr. REID. Mr. President, I ask the Chair to advise the Senator from Nevada when he has 3 minutes remaining.

Mr. President, it is interesting. There has been talk from my friends on the other side of this debate that my amendment is a new amendment. My amendment has the same vintage, the same age as the Simon amendment. After 3,000 pages of hearings and 10 years of working on it, they decided to change it, make substantive changes. This amendment is the same age as my amendment.

Mr. President, the Simon amendment is not going to pass. It seems to me, based upon that, if we really want a balanced budget amendment, we should get those individuals on the other side of the aisle to vote for my amendment.

There will be some Democrats voting for my amendment. But as announced by the senior Senator from Idaho, the Republicans are not voting for my amendment. As a result of that, both are going to fail. That is too bad.

The senior Senator from Utah this morning had 10 reasons why my amendment was bad. He has dropped to five now. But he still refuses to comment on Social Security. The glaring error of the Simon-Hatch amendment is that they would raise Social Security funds to balance the budget.

Loopholes? We would not be talking about loopholes had there been a modicum of reasonableness during the Reagan and Bush years. That is where the deficits have come. And now we are trying to bail out Reagan and Bush, who have driven this country to the brink of bankruptcy. All this would be unnecessary had it not been for them.

My friend from Illinois states that he does not understand the estimates. But estimates are in their amendment, also, Mr. President. I question how they are going to match receipts with outlays.

Mr. President, we have listened to this debate. We have seen the textbook evidence of an age-old tactic. Never let the facts get in the way of a good story. We have heard a lot of good stories from the proponents of the Simon-Hatch amendment. Sadly, though, Mr. President, the facts have been lacking.

Let me address, in what I believe are very basic terms, what my substitute amendment will do.

I have set forth, as I did previously, the differences between the Reid and Simon approaches. The Reid amendment will require the Federal Government to balance its budget like the States do. The State of Nevada and other States throughout this country balance their budgets. We should be required to do the same. But the States are allowed to take the capital expenditures off budget, a reasonable requirement. They take their pension liabilities off budget like we want to do with Social Security. We are not asking the Federal Government to do any more than States do. They balance their budgets. We can balance our budgets.

What if we directed every person in the United States to follow the Simon amendment? Only the very wealthy could buy a home or a car.

My amendment will require three-fifths of the Congress to approve deficit spending. It will require the Federal Government to balance its operating expenses with its revenues. It allows flexibility in time of war. It will take effect the same time Senator Simon's amendment does. But contrary to the Simon amendment, here is what it will not do. It will not force recessions to become depressions by preventing the Federal Government from easing economic stress. In the last century there has been depression after depression. We do not need to have them, and that is why we have the Reid amendment crafted the way it is.

It will not create the quagmire of lawsuits like the Simon amendment, despite the changes sought by its authors, will create because of its broad-brush approach. It will not harm senior citizens or the Social Security trust fund.

I ask unanimous consent to have made part of the RECORD a letter from the AARP stating, among other things, their support for the language in my amendment. They are also opposed, Mr. President, to balanced budget amendments, but they certainly indicate their support for what I have done.

Mr. President, I also ask unanimous consent to have made a part of the RECORD a letter from the National Alliance of Senior Citizens where they state their support for my amendment. They say:

> On behalf of the National Alliance of Senior Citizens, this letter is to express our strong support for the REID balanced budget amendment. Your approach to this important issue recognizes the critical distinction of Social Security.

They go on to say other laudatory things. This one is signed by Peter Luciano.

The one from the AARP is signed by Horace Deets.

I have one from the National Committee to Preserve Social Security and Medicare. Next to the AARP, they are the largest senior citizens organization. They say without qualification they support the Reid-Ford-Feinstein amendment. That is what we are talking about, the difference between Simon and Reid. One protects Social Security; the other destroys Social Security.

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

NATIONAL ALLIANCE OF SENIOR CITIZENS,
February 28, 1994.

Senator HARRY REID,
U.S. Senate, Washington, DC.

DEAR SENATOR REID: On behalf of the National Alliance of Senior Citizens, this letter is to express our strong support of the Reid Balanced Budget Amendment. Your approach to this important issue recognizes the critical distinction of Social Security, namely that it is a Trust Fund, built from the contributions of working men and women for their retirement. The surplus in this Trust Fund is an investment that working Americans have made for their future, and for this reason, Social Security must not be treated as simply another budget item in the battle for fiscal responsibility.

Senior citizens have as much at stake as other Americans—perhaps more—in seeing the federal government return to a prudent fiscal policy. The National Alliance of Senior Citizens was founded twenty years ago for that very purpose—to ensure a voice for senior Americans who believe national policy on aging must be based on sound fiscal principles. It is well know that rising taxes and inflationary policies, such as huge budget deficits, do particular harm to those on fixed incomes.

But there is an important diference—in anyone's budget, private or public—between Savings Accounts, Investment Accounts, and Current Consumption Accounts. The Reid Balanced Budget Amendment recognizes these key distinctions, and in doing so, helps protect the future of elderly Americans and the contributions of retirement they have already made.

On behalf of the 117,000 members of the National Alliance of Senior Citizens, we are greatly heartened, Senator, by your informed approach to eliminating federal budget deficits.

Sincerely,

PETER J. LUCIANO,
Chief Executive Officer.

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE,
February 28, 1994.

Hon.
U.S. Senate, Washington, DC.

DEAR SENATOR : The issue in the Senate vote this week on a Balanced Budget Constitutional Amendment is clear-cut: shall the Social Security Fund be raided for purposes of the federal general revenue fund deficit?

The federal deficit is in the general revenue fund because general revenue fund outlays exceed that fund's receipts. The enclosed pie chart graphically portrays that general fund deficit. Social Security is not part of the deficit problem—it enjoys an annual surplus, is a fund separate from the general revenue fund and is financed separately.

Clearly, an intent of S.J. Res. 41 is to pull Social Security into a consolidated federal budget. In Senate floor debate, Chief author Senator Simon stated flatly he would oppose excluding Social Security from the application of his amendment.

S.J. Res. 41 does not require the general revenue fund budget to be balanced. In fact, it puts off balancing the whole federal budget until after 2015 because Social Security receipts will exceed outlays before that time. In the interim, including Social Security in the budget will provide constitutional authority to allow annual federal deficits equal to the annual amount by which Social Security receipts exceed outlays—$60 billion in 1994 alone.

Financing general revenue fund programs with Social Security Payroll tax revenue instead of by the federal income tax unfairly benefits high income earners at the expense of low income earners, especially those low income earners who do not earn enough even to owe federal income taxes. They have to pay the payroll tax off the top, even though they owe no income tax.

For those earning $60,000 or less in 1994, the effective Social Security payroll tax rate is 6.2 percent. For the $100,000 earner, it is only 3.75 percent; for the $125,000 earner, 3.0 percent; $250,000 earner, 1.5 percent—a grossly unfair way to finance general fund deficits.

Using Social Security as the engine for balancing the federal budget is grossly unfair to both seniors and low and middle income workers.

Older Americans will keep close tack of the votes on the balanced budget constitutional amendment issue and will not look favorably on votes in favor of S.J. Res. 41. We respectfully urge you to vote against S.J. Res. 41.

Any constitutional amendment for a balanced federal budget must exclude Social Security from its application.

Sincerely,

MARTHA A. MCSTEEN,
President.

AARP,
February 28, 1994,

Hon. HARRY REID,
U.S. Senate, Washington, DC.

DEAR SENATOR REID: The American Association of Retired Persons (AARP) strongly opposed S.J. Res. 41, sponsored by Senator Simon, which would amend the Constitution by adding language requiring a balanced federal budget. Older Americans agree that the deficit is a major threat to our nation's future and that deficit reduction must be a high priority for Congress and the President. However, a balanced budget amendment, such as S.J. Res. 41, is not the way to achieve responsible deficit reduction.

Over the years, AARP has supported carefully crafted legislation which spread the burden of deficit reduction equitably. Typically, these measures have not been popular, but they have been necessary in order to reduce the structural deficit and put it on a downward glide.

Amending the Constitution is a flawed and potentially dangerous strategy to reduce the deficit. S.J. Res. 41 is particularly risky for the following reasons.

It threatens Social Security and the income security of older Americans. Social Security which is a self-financed program that is building a reserve is currently "off budget." S.J. Res. 41 puts Social Security back in the budget, thus subjecting current and future benefits to significant risk. In addition, the amendment requires a super-majority to extend the debt limit, thus further endangering the ability of the nation to make good on its debts, including Social Security payments.

It threatens our nation's economic well-being. An immediate $200 billion deficit reduction package (which is what the deficit is currently projected to be the year the amendment would take effect)—without regard to the state of the economy—could put the economy in a dangerous, downward spin. In the short fun, the draconian cuts required by a balanced budget constitutional amendment are likely to lead to a rise in unemployment and an overall slowdown in the economy.

It threatens our nation's long-term well-being by unduly restricting government's ability to invest in the economy and the American people. In the long-run, it limits the government's ability to undertake investments (e.g., in education, infrastructure) that will improve our economic competitiveness. It also restricts the government's ability to run a deficit during a recession, a normal and acceptable occurrence in times of economic downturn. The amendment also restricts the government's ability to respond to disasters, such as the California earthquake, the Midwest flooding or Hurricane Andrew.

While the Association continues to believe that a balanced budget amendment is not an effective way to achieve responsible deficit reduction, your alternative amendment addresses a number of significant flaws in the Simon amendment. In particular, your alternative would:

Protect Social Security, by excluding its outlays and receipts from the amendment, and by preserving a majority vote for extending the debt limit;

Protect the economy in times of recession by not unduly restricting counter-cyclical measures; and

Protect the government's ability to invest in the long-term future of the nation by excluding capital investments.

AARP commends your effort to develop an alternative that protects Social Security, protects the economy, and makes other improvements to S.J. Res. 41, which is a fatally flawed attempt to amend the U.S. Constitution. While your alternative avoids some of the very serious shortcomings of the Simon amendment, we believe a Constitutional amendment to require a balanced budget is not the way to tackle the deficit.

AARP continues to believe that tough choices can and should be made without a Constitutional amendment.

Sincerely,

HORACE B. DEETS.

Mr. REID. Mr. President, this amendment can work. It is pragmatic. It is proactive. It is enforceable but not unworkable, and it is responsible without being reckless.

The authors of the competing amendment claim theirs is a real amendment. But what they fail to say is it has been around for not 10 but 14 years and has stood up to 300 pages of hearings. You would think that such an undertaking would yield an amendment to the Constitution whose words would be carved in stone, a message in effect brought down from the mountain. Yet, Mr. President, the minute the Reid-Ford-

Feinstein substitute was introduced, the proponents of the Simon amendment scurried to make 11th-hour changes. In fact, the changes they propose were taken from the very substitute they now criticize.

If they are so quick to now change this proposal that supposedly needed no improvement, what will they do when they have Government hamstrung, as this amendment will do? When we have ensconced a flawed, restrictive, and unworkable proposal to the Constitution, we have done a great disservice to this country and to humanity. This country and its Constitution stand for strength. The Simon amendment as currently drafted will throttle the country, its economy, its representative government, and especially its elderly.

I know some of my colleagues may have made commitments to the Simon amendment. I say to them, vote for this amendment. If it fails, you can support the Simon amendment. What am I up against? The Senator from Idaho has stated the Republicans are going to vote against this amendment. So what I am left with is 46 votes opposed to the amendment right off the bat. And I am going to pick up some Democrats. But everyone should understand that certain people do not want this amendment to pass. They want no balanced budget amendment passed. If they did, they would join me and we would send to the House a balanced budget amendment which they could deal with in whatever way they felt proper and appropriate.

As I said, Mr. President, we have heard some real good stories in the past few days. I would like to reiterate one that I believe puts meaning to what we have heard.

Hans Christian Andersen, which I read when I was a little boy and had my family read to me, were fairy tales. They were make believe. One of Hans Christian Andersen's story tells the tale of an emperor in a far away land who gathered his people together to see his clothes. His clothes were the greatest. The emperor's new clothes were heralded every place he went. Everyone believed the new clothes were the sensation of the day, a brilliant work by a brilliant emperor.

But, Mr. President, as we know, even as the emperor paraded through the streets and the crowd oohed and awed over his clothes, or I should say what his clothes purported to be. But it seemed, Mr. President, that an honest, simple assessment by a little boy revealed the clothes for what they truly were. "He has nothing on," a young observer noted. Mr. President, the proponents of the Simon amendment have made a great ballyhoo about this new suit that they are wearing. To hear them tell it, it is the finest and best ever assembled—the only set of clothes suitable for this Constitution.

But, Mr. President, when the rhetoric is taken away, we see that this amendment truly has nothing on it. It is naked. The author, William Dean Howells, once said, "Today's achievement is only tomorrow's confusion." In the case of the Simon amendment, that is certainly true. Today's achievement is only tomorrow's confusion, because we will have no achievement.

People who are supporting the Simon amendment, generally speaking, do not want achievement. They want to be able to go home and say but for them we would not have a balanced budget amendment. But everyone within the sound of my voice should understand that they can have a balanced budget amendment. All they have to do is vote for Reid-Ford-Feinstein.

The Reid substitute amendment is a workable solution. It provides needed flexibility under a framework that State governments have used for decades.

The proponents of this amendment like to call it a fig leaf, and they do it while supporting something that, like the Emperor's clothes, is naked. We at least have a fig leaf. They are stark naked. It is naked in its workability, in its constitutional effect, and in its harm to the people.

I urge my colleagues to reject the impossible and the unreasonable and posturing in favor of a balanced budget amendment that can truly achieve the desires of the American public: a realistic balanced budget.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. Mr. President, I want to make one fast comment, because I want to give the proponents a final word here. I did not touch on the Social Security question. The Chief Actuary for Social Security for 23 years, chief financial officer, has written in support of my amendment.

My amendment does not change the status of Social Security. Senator DORGAN has suggested to Senator REID this amendment. And I agree that Senator DORGAN is pointing out a very real problem in that we are utilizing the surplus of Social Security, and if Social Security always ran a surplus, the Reid amendment would make sense in terms of Social Security. Unfortunately, Social Security, starting in the year 2024, will be going into the red. So it really does not make sense. I do favor a legislative approach, so that we can deal with this problem. But my amendment protects Social Security in the long run more than the Reid amendment does.

I reserve the remainder of my time.

Mr. REID. Mr. President, I yield to the Senator from California 1 minute 45 seconds.

Mrs. FEINSTEIN. Mr. President, I rise once again to support the Reid amendment. I am somewhat surprised to hear that Social Security is protected in the Simon amendment. I am happy to hear that because of the way I feel about it.

However, it seems to me if one is really going to protect it, the first thing you do is remove it. This amendment does that. It removes it. It provides for added action in the case of recession. It is defined with specific language. It also provides, as Senator FORD has said, I think quite eloquently, for a capital budget, the way most jurisdictions do their capital financing, which is not all based on 100 percent cash, but by bonds.

In my opinion, it is an amendment that is extraordinarily good. I am sorry that the proponents of the Simon amendment have chosen to call this a fig leaf. As I have said, if this fails, I will vote for the Simon amendment. But I am not voting for this amendment for any kind of fig leaf. I am voting for it because I think it is a better, more rational way to accomplish the purpose. The reason for the estimate language being as it is, is because when the President gets the opportunity to make a budget, what you base that budget on are, of course, estimates rather than actual outlays, because the outlays have not come in yet at the time you take the action.

So I think it certainly makes very good sense. I rise simply to say that I think calling this a "fig leaf" not only does a disservice but, quite frankly, it is not correct.

I yield the floor.

Mr. REID. Mr. President, the Senator from Illinois has 1 minute 47 seconds.

Mr. SIMON. I am willing to yield back my time.

Mr. REID. I yield 2 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Mr. President, I thank my colleague. I want to make two quiet points here, if I may. We have seen the Simon amendment with an agreement that would not allow us to vote on this amendment until they were able to change it, to modify it, to copy the Reid amendment. They found that was wrong. Now they are saying they will take care of Social Security under the legislative approach. We have been saying that for some time. You have to have the implementing legislation after this amendment is passed, if it is passed.

They say we do not estimate and our outlays have to equal receipts. You cannot write next year's budget without an estimate. You do not know what the actual receipts or outlays are going to be. You have to estimate the next year's budget. If they say you do not estimate, then they are absolutely wrong.

I think the Senator from Illinois has made our case. He talked about the $6 billion for a nuclear sub. He said we are

going to pay for it at a billion dollars a year. That comes out of the operating account, to pay a billion dollars a year over the next 6 years. He makes the point for the capital construction budget, out of the operating budget that must be balanced.

Mr. President, I hope we will get a few votes. I understand all of this theory that this is not a good amendment. We do not think theirs is a good amendment. We could argue forever, but when they argue against ours and substantiate our amendment, something tells me, and ought to tell our colleagues, that we have a pretty good amendment when the leader of the so-called Simon amendment gets up and says our amendment is the best amendment because we do estimate and we do pay for the capital construction each year now. So we can just improve on it. My time is probably up.

I yield the floor.

Mr. REID. I ask unanimous consent for 30 seconds to express my appreciation.

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

Mr. REID. The debate has ended. I say to the proponents of the Simon amendment that they have all acted as gentlemen, and I think that is the way a debate should be conducted. I very much appreciate the courtesies they have extended me during the past 4 or 5 days.

Mr. SIMON. Mr. President, I just want to say that HARRY REID, our colleague from Nevada, handled himself very well during the course of this. It is a pleasure to work with him.

Mr. REID. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON AMENDMENT NO. 1471

The PRESIDING OFFICER. The question is on the Reid amendment No. 1471. A vote of two-thirds of the Senators voting is required under the order of February 24, 1994.

The question is on agreement to the amendment of the Senator from Nevada. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The yeas and nays resulted—yeas 22, nays 78, as follows:

[Rollcall Vote No. 47 Leg.]

YEAS—22

Biden	Feingold	Moseley-Braun
Boxer	Feinstein	Reid
Breaux	Ford	Roth
Bryan	Gorton	Sasser
Chafee	Harkin	Specter
Conrad	Jeffords	Wofford
Daschle	Kohl	
Dorgan	Mathews	

NAYS—78

Akaka	Bennett	Bond
Baucus	Bingaman	Boren
Bradley	Gregg	Mikulski
Brown	Hatch	Mitchell
Bumpers	Hatfield	Moynihan
Burns	Heflin	Murkowski
Byrd	Helms	Murray
Campbell	Hollings	Nickles
Coats	Hutchison	Nunn
Cochran	Inouye	Packwood
Cohen	Johnston	Pell
Coverdell	Kassebaum	Pressler
Craig	Kempthorne	Pryor
D'Amato	Kennedy	Riegle
Danforth	Kerrey	Robb
DeConcini	Kerry	Rockefeller
Dodd	Lautenberg	Sarbanes
Dole	Leahy	Shelby
Domenici	Levin	Simon
Durenberger	Lieberman	Simpson
Exon	Lott	Smith
Faircloth	Lugar	Stevens
Glenn	Mack	Thurmond
Graham	McCain	Wallop
Gramm	McConnell	Warner
Grassley	Metzenbaum	Wellstone

The PRESIDING OFFICER (Mr. LIEBERMAN). On this vote, the yeas are 22, the nays are 78. Pursuant to the order of February 24, 1994, two-thirds of the Senators voting not having voted in the affirmative, the amendment is rejected.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois [Mr. SIMON].

S.J. RES. 41, AS MODIFIED

Mr. SIMON. Mr. President, in conformity with the unanimous-consent agreement, I send a modification to my balanced budget amendment to the desk.

The PRESIDING OFFICER. The clerk will read the modification.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. MITCHELL. Mr. President, my understanding is that the modification has been sent up in the form of a completely new resolution. Since the modifications relate only to two provisions, I will pose an inquiry to the Chair and ask whether or not the modifications are identical to the modifications as included in the unanimous-consent agreement, which I think will save us time. We are not concerned with the reading of the entire resolution, merely those two provisions, and I will suggest the absence of a quorum just to give the Parliamentarian an opportunity to review those two, to make certain that they are in fact consistent.

I now pose a question to the Chair.

Mr. President, are the proposed modifications identical to the modifications included in the unanimous-consent agreement governing disposition of the resolution?

The PRESIDING OFFICER. The Chair advises the Senate majority leader that the modifications conform to the aforementioned unanimous consent agreement.

Mr. MITCHELL. I thank the Chair, and I thank my colleague.

The joint resolution (S.J. Res. 41), with its modifications, is as follows:

S.J. RES. 41

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission to the States for ratification:

"ARTICLE—

"SECTION 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

"SECTION 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.

"SECTION 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year, in which total outlays do not exceed total receipts.

"SECTION 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

"SECTION 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

"SECTION 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts. The power of any court to order relief pursuant to any case or controversy arising under this Article shall not extend to ordering any remedies other than a declaratory judgment or such remedies as are specifically authorized in implementing legislation pursuant to this section.

"SECTION 7. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

"SECTION 8. This article shall take effect beginning with fiscal year 2001 or with the second fiscal year beginning after its ratification, whichever is later.".

The PRESIDING OFFICER. The Chair advises the Senate that the time is controlled at this point. Who yields time?

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah [Mr. HATCH].

Mr. HATCH. Mr. President, I yield 3 minutes to the distinguished Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida [Mr. MACK] has the floor.

Mr. MACK. Mr. President, today the Senate will decide on the fate of the balanced budget amendment to the Constitution. Those of us who support the amendment know its value would be enormous.

Congress' disgraceful inability to keep expenditures in line with revenues

is evidence of politics out of control, and of a government responsive only to special interests and not the national interest. The balanced budget amendment would impose constitutional discipline on a process that continually indulges pressures to spend, spend, spend.

The balanced budget amendment is a vital part of the external discipline needed to shape up Congress. Keeping control of spending has never been a priority for Government, despite its critical importance to taxpayers.

But even for supporters of the balanced budget amendment, what comes next? If the vote fails, does hope for a balanced budget fail, too? What is there to turn to that will work?

And what happens if the vote succeeds? How do we accomplish a balanced budget? How do we get there from here?

History has shown Congress cannot cut spending by itself. In just the past few months, Congress has rejected two major efforts to cut $90–$100 billion from Federal spending. The Penny-Kasich amendment failed in the House last November while the Kerry-Brown amendment met the same fate in the Senate several weeks ago.

Let us face it, the system is broken. A balanced budget amendment identifies the goal we must reach, but we cannot reach that goal without a major shakeup in the way Congress makes fiscal decisions.

A new approach needs to be taken. Regardless of the outcome of the balanced budget amendment vote, a Spending Reduction Commission must be created to get the job done.

We need a mechanism to get us to a balanced budget. The Spending Reduction Commission is such a mechanism.

It takes the best element of the Defense Base Closure Commission—the requirement that Congress vote on the recommendations of the Commission—and applies it to governmentwide spending.

The seven-member Commission would compile a list of spending cuts every year. The amount of the cuts would be designed to achieve a balanced budget by the year 2000. The spending reduction process culminates every year when Congress is confronted with this package and forced to accept or reject it without amendment.

By removing the compilation of the spending cut list from the process of trading votes for parochial programs, by requiring Congress to accept or reject the entire package in a single vote, and by focusing the attention of the American public on this single vote, the Spending Reduction Commission holds great promise for permanently cutting spending.

I urge you to support the balanced budget amendment. In addition, I intend to offer the Spending Reduction Commission as an amendment to the budget resolution later this month and I urge you to support it as a mechanism to achieve a balanced budget regardless of the outcome of the vote on the constitutional amendment.

Why am I so convinced that we need a Spending Reduction Commission? Because I know that spending control and budget balance simply won't happen otherwise.

Let us stop denying it—Congress will not get the job done. It will not prioritize the programs it funds to get rid of low-priority ones. It will not eliminate wasteful spending. It will not sunset programs that no longer work—or never did. It simply cannot manage to cut spending.

This is not to say that efforts to eliminate the deficit have not been made. Congress has raised taxes, tinkered with the budget process, held budget summits, tried to muster up sufficient political will, and even considered eliminating a program or two. But none of this has worked.

Congress' first choice to close the deficit is always to raise taxes. But raising taxes never works. Higher taxes lead to bigger budgets, not lower deficits.

The record of the last 43 years shows that the American economy has been willing to give up about 19.5 cents out of every dollar it produces—period. Congress can try to raise revenues by raising taxes, but higher taxes reduce incentives to work, save, and invest. That means economic activity ebbs and jobs are lost. Ultimately, the government still gets about 19.5 cents out of each dollar, but there are fewer and fewer dollars.

In the short term, tax hikes may cause additional dollars to flow into the Treasury. But these dollars have not gone to lower the deficit. The record clearly shows that for every dollar of taxes raised, Congress spends that dollar and more.

Attempts at budget process reform have not been any more successful in reducing the deficit. Twenty years ago, Congress created a new budget process with the passage of the 1974 Budget and Impoundment Control Act. Its promise was to institute a rational budget mechanism that would help ensure that spending would be kept in line with revenues.

What has been the result of Congress' attempt to discipline itself? Over the 10 years prior to that process reform, the deficit averaged less than 1 percent of GDP. But in the subsequent 10 years, the deficit averaged 3.6 percent. And in the last 10 years, it has averaged over 4 percent.

Every year, Congress passes a budget that promises to control spending and put the deficit on a downward path. One year later, the promise is broken and the deficit is no lower and usually higher.

Every few years, frustrations rise to a level at which a budget summit is called. The House, Senate, and the administration all get together in a show of resolve, and vow to take the necessary steps to deal with the deficit.

These summits have been complete failures. Afterwards, spending and the deficit are invariably higher than they were before the summit.

In 1982, a White House-congressional summit produced a 3-year plan to reduce the deficit by raising $3 in taxes for every $1 cut in spending. The next year, the deficit was double the target. And spending increased by $107 billion over the next 3 years.

In 1984, another 3-year plan was enacted. This one called for $2 in spending cuts for every $1 increase in taxes. By the next year, the deficit had climbed to $212 billion by $185 billion the year before, missing the target by some $31 billion.

Congressional leaders and the White House held yet another summit in 1987 and again agreed to cut spending by $2 for every $1 increase in taxes. Again, the result was that spending grew and so did the deficit.

In 1989, another Rose Garden ceremony was held to announce the latest deficit reduction plan. This time, the ratio of tax increases to spending cuts was one-to-one. But the results were the same: One year later, spending soared and the deficit exploded by $50 billion.

Finally, in 1990, the administration and congressional leaders produced a 5-year plan to cut the deficit by $500 billion. The plan included a then-record $164 billion tax hike. The Congressional Budget Office now estimates that the cumulative deficit over the 5-year period of the agreement will be $1.4 trillion; $875 billion over projections.

In 1985, Congress even went so far as to create a Sword of Damocles over its collective head in order to force spending cuts. This was the year of the famed Gramm-Rudman-Hollings legislation that was designed to automatically sequester funds if deficit reduction targets were not met.

GRH had some initial success. By 1987, spending growth slowed dramatically and the deficit responded accordingly. Yet Congress quickly began to defang GRH. During the 1987 budget summit, deficit targets were raised, exceptions were increased, and sequesters were made much more difficult to occur.

The results were predictable. Spending and the deficit began to rise again, and today GRH is virtually toothless.

Despite this sorry record, there are still those who say we should give Congress one more chance. They say that Congress can control spending and the deficit if it asserts its political will. Nonsense.

Congress needs an outside authority to force its hand. It needs an objective body immune from pork-barrel political pressures.

With the Spending Reduction Commission, Congress can eliminate redundant and outdated programs, as well as those whose missions can be effectively accomplished by the private sector.

With the Spending Reduction Commission, those programs with excessive administrative costs can be reduced or consolidated with other programs.

With the Spending Reduction Commission, programs can be eliminated that provide subsidies that benefit narrow special interest groups at the expense of the national interest.

With the Spending Reduction Commission, programs that have low priority in meeting the needs of the national interest can be reduced or eliminated.

But most importantly, with the Spending Reduction Commission, a balanced budget can be achieved.

Mr. President, the debate really that has swirled over the Senate for the last several weeks has been pretty much an economic one. I would make the case that the economic arguments have won the day. We may not win the vote, but certainly the economic arguments have won the day.

But I would make the point that this issue is much greater than just the economic arguments. Frankly, this is an argument about our individual freedoms. I see that if we do not put some outside restraints, some control outside of the hands of the Members of the Congress, the growth of government will continue year after year after year. And, as our government continues to grow, I see a government which will take away more and more of our individual liberties.

So I say that this is a fundamental debate. This vote will probably be the most significant vote that we will cast in this Congress, and I encourage my colleagues to vote for the amendment.

Since I do have limited time, I think it is appropriate to tell one story which summarizes the basis of this debate. It is about my first vote as a Member of the House of Representatives, my first vote in any legislative body. Previously, I had never even been on a school board or county commission.

The vote was, Should we add a new committee to the Congress of the United States? I must tell you that I came here with the conviction that we already had too many committees, that we were spending too much money, that the staffs were out of control, and that we did not need any more committees. But, because it was my first vote, I decided I would go around and ask my colleagues on the floor what they thought. Maybe I had missed something.

As I wandered around the floor of the House asking my colleagues how they were going to vote, their response was, "We don't need another committee; we're spending too much money; and, the staffs are growing day by day." I thought that I was going to cast my first vote in the House of Representatives with the overwhelming majority.

So I went over and cast that vote, and only 34 of us voted against the committee. Almost 400 voted for the committee.

Two other bits of information: The name of the committee was the Select Committee on Families and Children; and, the next bit of advice I got as a new Member was, "CONNIE, you don't vote against something called families and children and go back home and run for re-election."

Again, we can get ourselves involved in a tremendous debate about economics on this issue. And, we can fill this body up with half the group saying it would be a terrible thing for the country if we pass this amendment and the other half saying, "Oh, no, it is the best thing that would ever happen."

My point is, since Members of Congress vote for things based on what they are called as opposed to what they do, there is an absolute requirement we put in place some outside restraint.

The PRESIDING OFFICER. The time allocated to the Senator from Florida has expired.

Mr. MACK. I thank the Chair for indicating that. I just wish I had more time.

The PRESIDING OFFICER. Who yields time? The Senator from Texas. The Senator from Texas controls 25 minutes in his own right under a previous order.

Mr. GRAMM. Mr. President, I appreciate the opportunity to speak on the balanced budget amendment today. I congratulate my colleagues who have conducted this debate. I understand by having listened to the things being said by Members of this body that we are probably, once again, going to fall short on this vote.

But this is a very important issue, and what I want to do today is talk about my individual history and what I have seen in the 15 years that I have worked on this issue and worked to eliminate deficit spending. I also want to talk about a national mood or sentiment that is fundamentally important to the future of America.

First of all, I think it is important to note that the last time we balanced the Federal budget was in 1969—25 years ago. Richard Nixon was President. Neil Armstrong in that year made history and electrified the world by setting foot upon the Moon. Joe Namath and the Jets won the Super Bowl, Super Bowl III. The amazing Mets won the World Series. The University of Texas Longhorns won the NCAA national football championship.

In a fiscal sense and in other ways, as I have noted, 1969 was a good year for America and for Americans. But since 1969, every single year, under Democratic and Republican Presidents, with all the best intentions in the world, often with great promises, often with great hope about achieving a balanced budget, 25 years in a row we have spent more money than we have taken in.

I first started voting on the balanced budget amendment to the Constitution in 1982. In 1982, the total Federal debt was $1,136,798,000,000. If my colleagues will remember, the Senate that year adopted a balanced budget amendment to the Constitution not much different from the one that is before us today.

I was then in the House of Representatives, and we were trying to get an opportunity to vote on the balanced budget amendment, but the Speaker of the House was opposed to it. In order to have an opportunity to vote on it, we had to get 218 Members of the House to go up to the Speaker's desk, and in front of the Speaker's watchful eye, sign their names to a discharge petition. What happened—not surprisingly, since the discharge petition that we were trying to invoke to get a chance to vote on the balanced budget amendment was secret—is every time we got close to the 218th name, the Speaker and the majority leader twisted somebody's arm and they took their name off the petition.

Finally, one day we got 14 Members of the House together and we all marched into the Chamber at the same time, signed the discharge petition, put it over 218, and we got a chance to vote on it.

The night before we voted, the majority leader of the House and the Democratic leadership of the House sat up all night working up a phony balanced budget amendment, a balanced budget amendment that was put together for one purpose, and that purpose was to give political cover. It was an amendment that basically said the Congress would balance the budget when it got ready, in a way it chose. And we defeated that amendment just exactly as we defeated the amendment we voted on just a moment ago.

But what then happened is that Members of the House who voted for the phony amendment turned around and voted against the real amendment, and it put them in a position of being able to go back home and say, well, now, I voted for a balanced budget amendment to the Constitution.

Interestingly, the one I supported in 1982 was written by Nobel prize-winning economists, by constitutional scholars, basically the same intellectual base that wrote the amendment that we are going to be voting on later this evening.

Now, $983,284,000,000 of debt later, in 1986, the Senate voted on the balanced budget amendment again. And the balanced budget amendment to the Constitution was defeated in the Senate even though the Federal debt had grown to $2.12 trillion. We had simply run off 983 billion dollars' worth of debt, indebted our children and our

grandchildren, and absorbed over 50 cents out of every dollar saved in America. In those 4 years, we used up the deficit spending and we voted on the balanced budget amendment again, and it failed again.

Then, in 1992, we voted on it again, only now the debt was not $1.1 trillion. It was not $2.1 trillion. It was $4,001,941,000,000. In fact, since I first got a chance in 1982 to vote on the balanced budget amendment to the Constitution, $1.881 trillion of additional debt had been incurred to that point.

Now it is 1994. In 1992, we rejected the amendment in the Senate because we could not get cloture to get a chance to vote on it. The House rejected it by 8 votes when 12 Members of the House who had cosponsored the amendment, who had sent taxpayer mailings all over their districts telling people they were for the balanced budget amendment to the Constitution, when they had an opportunity to actually vote on it, when it counted, they reversed their position and voted no. And again America was denied an opportunity to constrain Congress and the Federal Government.

Now, today, we are voting on it again, and today the debt is $4.676 trillion.

Now, what I have done here in this chart is basically plot out the size of all those deficits for the past 25 years with the relevant question today in one word, and that word is, "When"? We did not do it in 1982. We did not do it in 1986. We did not do it in 1992. It is 1994. Does anybody here believe that if we reject this balanced budget amendment to the Constitution, if we say now is not the time, does anybody here believe that this debt will not continue to climb, that we will not have exactly the same problem a year from now or 2 years from now? I do not believe anybody could believe that.

I read the letter the President sent. President Clinton has sent a letter opposing the balanced budget amendment to the Constitution, saying in essence that the balanced budget amendment to the Constitution is going to hamstring the Government, threaten our recovery, threaten pizza delivery, threaten everything in America that is good. But does anybody believe, if we do not adopt this amendment today, that anything is going to be done about the deficit? I think not.

We now have a President who talks about deficit reduction. And it is true—and I am thankful—that the deficit next year is projected, if everything happens exactly as predicted to dip to $171 billion, principally because the S&L bailout turned out to be cheaper than we had projected and because the economy has gotten better. But if you look at the numbers, if you look at the Congressional Budget Office projections, by the end of the century, if everything happens exactly as CBO predicts, the deficit is back up to $226 billion a year, and 10 years from now it is estimated at $365 billion.

Let me tell you one of the reasons I am concerned. We all read in the paper yesterday that the administration intends to ask for another budget waiver so that it can increase deficit spending this year by $14 billion to fund the revenues lost from signing and ratifying the GATT Agreement. In fact, let me review with my colleagues the waivers of the budget that we have adopted in the short period of 13 months that President Clinton has been President. This is a person who sends us a letter saying we have the deficit under control. But those are words. Let us look at the deeds.

On the economic stimulus package, the President asked us to waive the budget and let the deficit go up by $16.3 billion. I am very proud to say that the Congress said no.

On unemployment compensation, the President asked for a budget waiver of $5.7 billion, and we waived the budget and the deficit went up by $5.7 billion. On Midwest disaster, supplemental disaster relief for the Midwest on flooding, we could have done what every family in America has to do every year.

We could have done what every business in America has to do every year. When we have a disaster, we could pay for it by cutting spending somewhere else. But the President asked us not to do that; he wanted to simply raise the deficit, and the Congress did: $4.4 billion more of deficit spending.

On the California earthquake supplemental, again we could have paid for it. We should have paid for it. The President asked us not to pay for it. We did not pay for it, and the deficit went up by $9.1 billion.

The point is that every day we are taking action to deal with the deficit, and taking action to raise the deficit, and the bottom line is that without a binding constraint to force us to make tough decisions, we are not going to make them.

We had a debate here a couple of days ago about Thomas Jefferson. I say to Senator SIMON that I wish Thomas Jefferson could have been here to speak for himself. He did speak for himself during his lifetime on this very issue, and I want to summarize what he said. Then, with a very brief reference, I want to move on to another point I want to make.

Jefferson was Minister to France when the Constitution was written. He was kept informed about the progress of the Constitution. But when he finally got an opportunity to see the document, Jefferson said, and I quote:

> I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution. I mean an additional article taking from the government the power of borrowing.

Mr. President, in the language of Thomas Jefferson, in an era where we had paper currency during the Revolution, in the midst of a revolution in France that was caused by hyperinflation and the collapse of Europe's currency, Thomas Jefferson was talking about a balanced budget amendment to the Constitution.

I know Senator BYRD pointed out that Jefferson during his Presidency negotiated the Louisiana Purchase. We are all grateful for that. He incurred debt to do it. But the point is, we have run up $4.6 trillion of debt, and we have not bought Louisiana. We have not bought Alaska as we later did. The truth is we have bought relatively little except despair in terms of our economy, something I am going to talk about later.

The reason I brought up Jefferson is that I want to talk about a debate between he and Adams that resembles the one in which we are involved here on the floor of the Senate, whether we realize it or not.

After both Jefferson and Adams had been President, and despite the fact that they had been bitter political enemies during their active political careers, in their retirement they struck up a correspondence and a friendship. And they through their letters conducted what we now know as the "Jefferson-Adams debate."

Trying to state their positions as simply as I can, here is what I believe the positions were. Adams, ever the pessimist, said that the American people would discover that they could use Government to redistribute wealth, and that when they discovered that they could do that, that the Government through its spending and its taxes and its debt would end up penalizing productive members of society and rewarding indolent people, and the net result ultimately would be a social, economic, and political collapse.

Jefferson, ever the optimist, said that people would realize, and they would discover in America, that they could use government to redistribute wealth, but in America opportunity would be so broadly based that people would recognize that a Government that could take something away from someone today to give someone else tomorrow could later take away from them and give to yet another; and that Americans would reject the use of Government to redistribute wealth and all the negative impacts that it would have.

Mr. President, I believe today that we are living out the Jefferson-Adams debate. In truth, I think Jefferson is right. The problem is that people do not have perfect information about votes that are occurring. The way we do business in Congress tilts the debate

almost totally toward spending money. I want to try to relate several of my experiences today, because I think they are relevant in explaining why we need this amendment, why we are going to have to have it.

When I first got to the House of Representatives, the first issue that I remember a vote on was raising the debt ceiling. I think Senator SIMON was there when I was there. He may not remember the speech, but I remember it vividly. The then majority leader, Jim Wright, got up, and, said that we cannot vote against extending the debt limit because we have already spent the money. And it would be as if someone's wife were to go out and run up a bunch of bills, and then her husband refused to pay the bills. What gentleman, he asked, would refuse to pay his wife's bills? No one would talk that way today. But this was in 1979.

I got up without having given it much thought, and said, well, the difference is that in a real family they would pay the bills, but they would then sit down around the kitchen table. They would get out their credit cards, they would get out the scissors, they would cut up the credit cards, they would write a budget, and they would start over.

We defeated that debt ceiling that day. Jim Jones and TRENT LOTT and I later offered an amendment to try to tie the debt ceiling to a balanced budget. It failed in the House by a couple of votes.

Then that spring, not having a lot to do as a freshman Member of the House, I tried to follow votes, not final passage votes that were almost 400 to 10 on most occasions, but individual votes about amendments that actually spent money. What I discovered in the summer of 1979 was that as best I could determine, the average amendment on which we voted spent about $70 million. The average beneficiary got about $2,000. There were 100 million taxpayers. So they spent about 70 cents apiece. I figured out that you did not need a Ph.D. in economics to understand that a few people will do more to get $2,000 than a lot of people will do to prevent spending 70 cents apiece.

So as a result, I discovered in watching how Congress works that every time we voted on a spending bill, everybody who wanted something from the Government was looking over my left shoulder sending letters back home to my district telling people whether I cared in their view about the old, the poor, the sick, the tired, the bicycle rider, the list went on and on. But almost never was anybody looking over my right shoulder telling people whether I cared about the future of the country, telling people whether I cared about the people who do the work, pay the taxes, and pull the wagon.

As a result, on almost every occasion those who wanted to increase spending, because they were the people who wanted the money—were involved politically; and the people who were paying the bills basically were busy paying the bills and they were not involved in the legislative process.

Mr. President, could you tell me how much time I have left?

The PRESIDING OFFICER. The Senator from Texas has 5 minutes remaining.

Mr. GRAMM. Mr. President, that is our problem.

Our problem is that the people who want something from Government are involved. They are active politically, and the people who are paying the bill are not involved. And since we vote on expenditures over and over which ultimately add up to huge sums of money, there is no accountability in the system.

I believe that the only way we are going to get accountability is through a balanced budget amendment to the Constitution. I know many of my colleagues have said in this debate that we do not need a balanced budget amendment to the Constitution, that what we need is Congress to do its job.

I remind my colleagues that when the Founders wrote the Bill of Rights, the first 10 amendments to the Constitution, they wrote "Congress shall make no law respecting the establishment of religion." You could say, well, Congress ought to do its job. Congress should not make laws with regard to the establishment of religion, why did that prohibition have to be in the Constitution? Well, it was written into the Constitution because the Founding Fathers did not trust Congress not to make laws with regard to the establishment of religion. They did not trust Congress not to make laws limiting freedom of speech. And we have amended the Constitution now over and over again to limit the power of Government.

After all of these deficits, after all of this time, after spending and borrowing all of this money, has not the time come to limit the ability of Congress to run deficits?

The Constitution is a contract between the Government and the people. It is a contract that the Congress cannot break. It is that kind of binding constraint that we need.

Mr. President, unless we adopt a balanced budget amendment to the Constitution, I do not believe we are going to do anything about the deficit. I believe the deficit is going to get worse, and it may well be that we do not adopt a balanced budget amendment to the Constitution today. My guess is, listening to my colleagues, that we are not going to get the job done. But this deficit is going to get worse. We are going to have to address it, and I am confident that before this decade is over, we are going to adopt a balanced budget amendment to the Constitution, and then Congress is going to have to live up to it.

I am deeply concerned that now we are beginning to see evidence for the first time that indicate that people do not believe they are better off than their parents; that by a two-to-one margin, Americans today do not believe that their children are going to be better off than they are. I believe that what we are threatening with this spending orgy is the American dream. In the world I grew up in, and that every Member on this floor grew up in, your parents had done better than their parents, and everybody's parents knew that their children were going to do better than they had. But because we continually mortgage the future of this country, because we continue to drive up the Federal debt, because we continue to borrow 50 cents out of every dollar that Americans save, because that money does not go to build new homes, new farms, new factories, or generate new economic growth, we see the American dream beginning to recede.

In 1959, Social Security taxes and income taxes at the Federal level took 12.6 percent of the income of the average family in America. Today, those same taxes take 24.2 percent, almost twice as much. Why? Because we ran deficits, because we borrowed money, and because then Congress came back and raised taxes. If we want to reinvigorate the American dream, we have to stop the growth of Government and put Government on a budget like everybody else. The only way we are going to do that is with a balanced budget amendment to the Constitution. We can do it today, or we can do it 2 years from now when the debt is hundreds of billions higher. I believe that we need to do it today.

I hope my colleagues will vote for it. But if they do not vote for it, we are going to continue to bring this amendment back until it is the law of the land.

I yield the floor.

Mr. BYRD. Mr. President, I yield 10 minutes to the able and distinguished Senator from Connecticut [Mr. DODD], to speak in opposition to the amendment.

Mr. DODD. Mr. President, first of all, let me thank my colleague from West Virginia, the distinguished President pro tempore of the Senate. Let me just make a note regarding his remarks during these past several days of debate and discussion. I strongly recommend them for textbooks on constitutional law. Every law school in this country would be well advised to read his remarks tracing the history of our Constitution and the delicate balance of powers that exists today. It would be a worthwhile exercise for every law student—every student, for that matter—to read his words carefully.

I am pleased and proud to join him in what I consider to be the most important debate we ever engage in as Members of this body. These are the most important discussions we can ever have as Members of the U.S. Senate. I make this claim not because we are debating a balanced budget amendment, as important as a balanced budget is, but because we are debating a change in the U.S. Constitution—the document that gives life to the Government which we serve and which we are honor-bound to preserve and protect.

The people of my State—and the Presiding Officer knows this, as my colleague from Connecticut—know something about the Constitution. My colleague from West Virginia will no doubt take note of this, as I am sure he has already. On January 24, 1639, the Colony of Connecticut adopted the Fundamental Orders, which many renowned historians will tell you was the first written Constitution ever drafted anywhere on the face of this Earth.

Later, Connecticut delegates to the Constitutional Convention hammered out an agreement between large and small States—which the distinguished Senator from West Virginia has talked about at some length—that led to the creation of the very body in which we serve today and the House of Representatives. This agreement was known as the Connecticut Compromise. It was crafted by Roger Sherman. I sit in Roger Sherman's seat as a Member of the U.S. Senate, in a direct line of Senators from those first days.

The Fundamental Orders earned Connecticut its moniker "the Constitution State" of which we are deeply proud.

Mr. President, the early settlers of Connecticut recognized the importance of building a system of government on the foundation of a fundamental document. As U.S. Senators, we recognize this fact as well. We should be guardians of that Constitution. We are all sworn to defend it, bound to honor it, pledged to uphold its letter and its spirit.

In its wisdom, the U.S. Constitution contains instructions for future generations on how it may be altered. The ability to amend makes our Constitution a vibrant document, one that is able to meet the challenges of an evolving Nation. The right to amend the Constitution gave us the freedom of speech. The right to amend the Constitution allowed us to outlaw slavery and guarantee equal rights for members of all races. The right to amend our Constitution allowed women the right to vote. The right to amend is almost as sacred as the Constitution itself. But it is not a right that the Founders meant us to exercise often. They deliberately put intimidating obstacles in the way of constitutional amendments.

Amendments must be approved by two-thirds majorities in both Houses of Congress, and by three quarters of the States. We are not supposed to amend the Constitution lightly, Mr. President, and we have not. Since the adoption of the Constitution, in 1789, 10,726 constitutional amendments have been proposed; 10,726 times Members of Congress have stood on this floor and in the other Chamber and suggested ways of modifying the Constitution. As we all know, only 27 of those 10,726 efforts have ever made it into the document itself. This is as it should be. As the fundamental charter for our Nation, the Constitution should not be changed on a whim. It should not be altered simply to slacken the popular thirst of the day. It should not become a bulletin board for this year's New Year's resolutions. One hundred and forty-four years ago, Henry Clay stood in the old Senate Chamber, only a few feet from where I speak this afternoon, and told his colleagues:

> The Constitution of the United States was made not merely for the generation that then existed, but for posterity—unlimited, undefined, endless, perpetual posterity.

Senator Clay recognized the true genius of the Constitution—its refusal to be all things to all people. The fact is that times change, and a cause or a goal that may seem reasonable at any one point may become irrelevant, laughable, or even dangerous later on.

Let me just share with you a few examples of constitutional amendments that were offered over the 200-plus year history of our country which demonstrates this point.

One of my own predecessors serving in this Chamber, Senator Hillhouse of Connecticut, proposed a constitutional amendment in 1808 that would have limited the President's annual salary to $15,000 a year. Some may have wished actually that was adopted, I suppose, but nonetheless, it would have been ridiculous to include a specific and fixed monetary salary.

In 1838, the Nation was scandalized when one Member of Congress killed one of his colleagues during a duel. This led to the introduction of a constitutional amendment to bar individuals implicated in dueling from ever holding elective office in this country.

In the latter half of the 19th century, a great concern over the abuse of patronage by elected officials led to an amendment mandating the popular election of deputy postmasters in the country. That would have been a wonderful addition to the Constitution.

Early in this century, an amendment was proposed to ban all divorces in the United States.

As I said earlier, the list of some 10,726 proposals goes on and on.

With all due respect to the authors of this amendment, my belief is we are dealing with a temporal problem, one that needs to be addressed, but one that ought not to be etched in the permanent charter of the U.S. Constitution.

I cite these historical examples as cautionary tales. We must subject all proposed constitutional amendments to the highest possible standards of scrutiny, and by these standards I believe the balanced budget amendment fails.

If this amendment is adopted one of two things will happen. It is possible, but improbable, that it will work. If it does it will jeopardize, in my view, our economic recovery and cause huge and arbitrary cuts in vital Federal programs. More likely than not, however, it will fail. In this case, it will increase political gridlock, disrupt the balance of powers, and further undermine public confidence in our political leaders and our Constitution.

This seems like such a simple and straightforward amendment. Here is how the reasoning goes: Balanced budgets are good. We want balanced budgets. We can achieve balanced budgets by mandating balanced budgets.

This sounds reasonable, but let us examine it a little more closely.

First, let us take the premise that balanced budgets are good. In general they are, but they are not always. Clearly, our current deficit has reached dangerous proportions requiring major reductions. But deficit spending is sometimes necessary.

Virtually requiring balanced budgets during any period of time—as this amendment would do—would be harmful. Consider a recession. This amendment would destabilize the economy by forcing the Government to match revenues with reduced spending. We would likely be forced to renege on our promises to provide a critical safety net to our citizens just when it is needed most. We would also find it exceedingly difficult to provide a fiscal stimulus to the economy when it, too, may be needed most.

The most serious fallacy associated with this amendment, however, is the belief that we can achieve balanced budgets simply by mandating balanced budgets. Let us remember that this amendment does not reduce a single penny of Federal spending. It merely assumes that the act of adopting an amendment to our Constitution requiring a balanced budget would provide the political will that is necessary to achieve that goal.

Why not add to the Constitution eradication of ignorance, poverty, disease, and all other desirable goals—all things that everyone of us would like to see achieved.

Merely writing them into the Constitution does not receive the desired results at all. I would suggest that while the intentions are good here we would disrupt our economy and turn the Constitution into, as I said earlier, a bulletin board of New Year's resolutions to satisfy the temporal desires of a particular generation. We would fail Henry Clay's test by neglecting the im-

portance of perpetuity and posterity by failing to go beyond the limitations of our immediate time and to consider the fundamental principles that should guide each and every generation regardless of what particular problem and temporal issue faces it on that day.

As I see it, our responsibility—our job here—is to make progress on the budget and to make the difficult decisions. I think we are on that road. I think our decision last year to approve the historic deficit reduction package was a tough one. But, clearly the indications from responsible neutral parties are that we are achieving significant reduction in the deficit.

A year ago, the deficit for 1995 was projected at $302 billion. Today, the forecast is for $176 billion. Measured as a percentage of gross domestic product, the 1996 deficit will fall to 2.3 percent—the lowest share since 1979.

For the first year in a quarter century, the President's budget proposal reduces total discretionary spending below the previous year's level. The 1995 budget terminates 115 programs and reduces funding for 300 others. That's tough medicine.

The impetus for this action came not from a balanced budget amendment, but from the sustained commitment of a President and a bare majority of this Congress who chose to make tough choices.

Regardless of whether or not this amendment is approved, we will need to make more tough choices.

Others have already explained how the supermajority requirements in this amendment would greatly increase political gridlock by giving a minority of members veto authority over the majority. As such, I don't feel the need to pursue this further, other than to remind my colleagues that we passed last year's historic deficit reduction package by a razor thin majority of one vote in the House and one vote cast by the Vice President in the Senate.

Others have also ably outlined how this amendment would disrupt the balance of powers, politicize the courts, and subject every line of the budget to a morass of potential litigation. While the judiciary will inevitably be drawn into the political thicket, the likelihood of enforcement of the amendment through litigation is, in the words of Robert Bork, "either a vain hope or a dismal prospect."

My greatest concern about this amendment, though, is that its well-meaning intent will be subverted by gimmicky and tricks that will further undermine our people's faith in their Government.

The argument is often used that balanced budget requirements have successfully imposed fiscal discipline on our State governments. But, the evidence on this is unclear. Governor Lowell Weicker testified in 1992 that Connecticut's "1 billion dollar deficit came to pass despite a balance-the-budget law that had been on the books for 53 years."

Many States use creative budget gimmicks to comply with balanced budget requirements. These clever gimmicks include delaying payments to suppliers, accelerating tax collections, reducing contributions to pension funds, and shifting programs off-budget.

There are many other ways to evade the amendment that quickly come to mind. The first is employing rosy economic scenarios. We're all quite familiar with this tactic, although I am pleased that the Clinton administration has not used it.

In his recent testimony, Stanley Collender, Director of Federal Budget Policy for Price Waterhouse illustrated how effective a source of additional revenue this can be. Collender estimated that a 1 percentage point drop in unemployment projections would reduce projected deficits by $37 billion the first year, and $57 billion the next. A few percentage points here or there could fill in lots of holes.

Finally, there is our State and local governments' favorite gimmick—the unfunded mandate. When Congress feels it can no longer afford the costs of Federal programs, it shifts the financing responsibilities to others. The pressure to do this would only increase with the passage of this amendment—and our State and local governments would suffer.

The New York Times hit it right on the head when it referred to this amendment as "fiscal sleight-of-hand at its most devious."

I note my time has expired. I again urge our colleagues to reject this amendment. Despite the temptation, despite the attraction of trying to do something on the deficit issue, this is not the vehicle. This is not the approach we ought to be taking.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

Mr. HATCH. Mr. President, I yield 5 minutes to the distinguished Senator from North Carolina.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina has the floor.

Mr. HELMS. Madam President, I thank the distinguished Senator from Utah and I thank the Chair.

Madam President, it was a long time ago when Bud Nance and I were teenagers growing up during the Great Depression in Monroe. There was a popular band leader named Cab Calloway who sent our English teacher, a dear lady named Miss Annie Lee, into orbit whenever she heard Cab Calloway on the radio singing, "It don't mean a thing if you ain't got that swing."

Coming over the 14th street bridge on the way to the Capitol this morning, I thought of Bud and Miss Annie and Cab Calloway—and Cab's musical admonition that "It don't mean a thing. * * *"

But, come to think of it, that is about as good an assessment as can be made of the outburst of rhetoric about a balanced budget during the past few days.

All of sudden a lot of people have gotten religion, old time religion, but it may be that many of the Senators who are casting votes today, ostensibly to assure a balanced Federal budget, will do so knowing that "it don't mean a thing." Some will be Senators who have voted year after year repeatedly in favor of excessive Federal spending ever since they came to the Senate.

Madam President, every day that the Senate has been in session for the past couple of years, I have made a formal report, duly noted in each day's CONGRESSIONAL RECORD, regarding the latest available total of the Federal debt—down to the penny. I shall report later today exactly where the Federal debt stood, down to the penny, as of the close of business yesterday. Today's CONGRESSIONAL RECORD on page S2022 contains my report of yesterday detailing the Federal debt down to the penny as of the close of business this past Friday.

The arithmetic of the Federal debt is so enormous, that it boggles the mind. Listen to these figures: As of the close of business this past Friday, February 25, 1994, the Federal debt stood at $4,543,467,032,059.70. Let me run that by you a bit more slowly, Madam President—four trillion, 543 billion, 467 million, 32 thousand, 59 hundred dollars and 70 cents.

Let us go back 21 years: The day I was first sworn in as a Senator in this Chamber, on January 3, 1973, the Federal debt stood at less than one-tenth of today's total Federal debt. Last night, I selected April 18, 1973, as a date for comparison—the April 15 tax deadline had just passed and the taxpayers' money was flowing into the Internal Revenue Service. On that day, April 18, 1973, the Federal debt stood at $455,570,163,323.85.

I should add that the Federal budget deficit that year was about $15 billion. Oh, that we could have such a day again.

Madam President, one of the first pieces of legislation I offered in early 1973 was a resolution to require the Senate to balance the Federal budget. I did that several times in the weeks and months to follow. I lost every time. Then I offered a resolution stipulating that the salaries of Senators and Congressmen be reduced by the same percentage that Congress failed to balance the budget. As I recall, I got seven votes for that proposition and a lot of angry expressions.

Last night, Madam President, I spent awhile reviewing a rather remarkable document entitled, "Historical Tables of the Fiscal Year 1995 Budget."

Guess what this document revealed about one significant aspect of the Federal debt: It showed that the interest on the money borrowed and spent by the Congress of the United States, over and above income, during the fiscal years 1973 through 1993, cost the American taxpayers $3,006,417,000,000.

Three trillion dollars just to pay the interest on excessive spending authorized and appropriated by the Congress of the United States during a period of a couple of decades. Think about that.

Just suppose Congress had agreed back in 1973 to discipline itself and hold spending to a balanced budget. Would we not be on easy street today.

But, oh, Madam President, it is so easy to spend somebody else's money. As a result of all this deficit Federal spending, the share of every man, woman, and child in America averages out to be $17,400.52. That is the average share. That is the average share of the Federal deficit.

The annual interest on the existing Federal debt averaged out costs every man and woman and child $1,138.76, per year.

Think of what we are doing to our children and grandchildren. Projections estimate that the Federal debt will increase from the present level of more than $4.5 to $6 trillion by the year 2004. And to our children and grandchildren, that does mean something, and it does not speak well for the Congress of the United States. We should be ashamed of ourselves.

It has been forecast that the Clinton administration will succeed in defeating the Simon-Hatch resolution calling for a constitutional amendment requiring a balanced Federal budget. That may be so. We will see along about 8 tonight. And the champagne corks may be popping this evening down on Pennsylvania Avenue. I do not know about that.

But the point is that if Congress had the backbone and the principle to cut out this enormous deficit spending, no constitutional amendment at all would be necessary. It would not have been today or any year previously. All we had to do was to be responsible. If there had been such courage and principle 20 years ago, beginning 20 years ago, America's economy would be forever on easy street today. Think of that. But there has not been such backbone.

I have watched with just fascination at some Senators who talk about fiscal responsibility. They walk right in and they vote for big spending appropriations bills and authorization bills.

There has not been a desire to hold down spending. They express that desire whether they go home. But up here, if the Clinton administration's announcement privately is correct, they are going to beat a balanced budget amendment this evening. We will see.

In any case, as Cab Calloway put it a long time ago, "It don't mean a thing." It don't mean a thing unless this Congress, House and Senate, becomes resolute in this business of cutting Federal spending. Rhetoric does not count. Votes do.

There is not enough will among enough Senators to do what ought to be done, or there has not been in recent times. It is easier to continue to enjoy spending other people's money, the taxpayers' money, borrowed money, money borrowed in the names of the American taxpayers: $4 trillion in the past 20 years in terms of the debt. Think of that.

Madam President, I ask unanimous consent that the full text of a balance-the-budget bill, S. 2215, introduced by the distinguished Senator from Virginia, Mr. Harry F. Byrd, Jr., and me on July 19, 1973, be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HELMS. I might add, Madam President, that Senator Harry F. Byrd and I offered, subsequently, this legislation in the form of amendments, several times.

EXHIBIT 1

S. 2215

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Anti-Inflation Act of 1973".

FINDINGS AND PURPOSE

SECTION 1. (a) The Congress of the United States hereby determines that—

(1) the Federal Government is now and has been expending funds during the fiscal year for nontrust fund budget items in excess of revenues received from all nontrust sources,

(2) such fiscal policy by the Federal Government has resulted in substantial borrowing from both public and private sources,

(3) the aggregate of such borrowing has resulted in an exorbitant national debt totaling more than $450,000,000,000,

(4) this debt will continue to increase so long as the Federal Government spends more than it receives,

(5) the Federal Government is now paying annual interest on the national debt in excess of $20,000,000,000, and

(6) this interest payment is annually increasing as a fixed expenditure in the Federal budget.

(b) The Congress further determines that—

(1) deficit spending by the Federal Government has resulted in inflation in the Nation's economy and a lessening in the value of the dollar in terms of its ability to purchase goods and services in foreign and domestic markets,

(2) unless this deficit spending on the part of the Federal Government is discontinued a severe economic depression will result.

(c) The purpose of this Act is to require the President to submit to the Congress a budget in which nontrust fund expenditures do not exceed revenues received by the Government from nontrust sources.

SEC. 2. The nontrust fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

SEC. 3. (a) The President shall submit a budget pursuant to the Budget and Accounting Act of 1921, as amended, in which nontrust fund expenditures do not exceed nontrust fund revenues for each fiscal year.

(b) The provisions of this section may be adjusted to reflect any additional revenues of the Government received during a fiscal year resulting from tax legislation enacted after the submission of the budget for such fiscal year.

SEC. 4. This Act shall apply only in respect of fiscal years beginning after June 30, 1974.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. BYRD. Madam President, I yield 10 minutes to the distinguished Senator from Minnesota [Mr. WELLSTONE] to speak against the amendment.

Mr. WELLSTONE. Madam President, I thank the Senator from West Virginia.

I speak with a sense of history. I guess all of us have that because we are lucky enough, and honored enough to be serving in the U.S. Senate. And in a way I regret that I feel compelled to rise to speak against the Simon amendment, because there is not anyone in this U.S. Senate that I respect more than Senator PAUL SIMON. Many of us get up on the floor and say that all the time. He knows I really mean it.

And I understand Senator SIMON's sense of foreboding about debt and deficits, and why he is doing what he is doing. The farmers in southeastern Minnesota where I come from say that you plant your seed corn, you do not eat it. It is true that the interest that we pay on the debt robs us of our ability to invest in our country and in ourselves. So I think I understand the framework of the Senator from Illinois.

But, Madam President, I really do believe in my heart of hearts that this amendment, the balanced budget amendment, really is in many ways a gimmick. Not within Senator SIMON's framework, but in the broader and I think more important sense.

We can and should step up to the plate and vote cuts. And we have done so. When I was listening to the Senator from North Carolina I was thinking to myself that actually, I am quite proud of the fact that when it came to reconciliation bills, when it came to the initiative of Senator KERRY from Massachusetts, $40 billion-some cuts—space station, super collider, a lot of military weaponry, and a lot of other wasteful expenditures—I voted for those cuts. I think we have to bring the annual budget deficits down. I think we have to take fiscal responsibility very seriously.

But I actually would take the words of my colleague from North Carolina and put a slightly different interpretation onto them. That is to say I actually think many Senators who say they are for this balanced budget amendment—I assume they do it in good faith

—are also the very Senators who have voted against many of these cuts. If we want to bring the budget deficits down—and we have done so—we can continue on that path without a balanced budget amendment.

I do not know how this works out politically, I really do not. As I listen to colleagues talking with one another—and again this is certainly not directed at Senator SIMON, who is well known for his courage. He votes what he believes and he says what he believes. But I have heard a number of people talk about the politics of this. Madam President, we all have to live with ourselves, but I just do not like the idea of a minority having veto power over Federal budget decisions. I say this to my colleagues: I am very uncomfortable with 40 Senators having so much power over basic economic policy that is so important to the lives of the people in our country.

There have been many pleasant surprises for me since coming to the U.S. Senate; more pleasant surprises than unpleasant. But one of the unpleasant surprises is that I thought as a political science professor and teacher that the filibuster was reserved for the momentous votes of the time. We see it all the time. And we see the minority constantly blocking legislation, constantly blocking policy initiatives of this administration. I believe this amendment would lead to more of that.

After some rigorous economic analysis, I believe that this amendment is a economic straitjacket we do not want to put ourselves in, not when it comes to how we use Keynesian economic policy in a positive way so recessions do not become depressions. If, I would say to my colleague from Illinois because this is such a priority goal for him, the most fundamental goal of domestic policy is to make sure we have an economy that produces the kind of jobs that people can count on, that we move toward a full employment economy—this is what most people desire for themselves and their loved ones—I fear this puts us in a straitjacket where we will never be able to make that a priority policy.

Finally, Madam President, and I say this to you especially. I do not know whether we agree or disagree. We agree a lot, on some issues, and sometimes we disagree. Maybe I am going to be called an old Democrat for saying this. But I think that Senator SIMON believes that with this balanced budget amendment finally the Nation will face up to the fact that we have to reduce low-priority programs, and at the same time raise the revenue for what it is we say it is important to do. But what I worry—and I say this with a sense of deja vu—that if this amendment passes this is going to be 1981 all over again. It amazes me to hear some of my colleagues talking about the balanced budget amendment and fiscal discipline. They were the ones who voted the huge tax cuts of the early eighties that eroded the Federal revenue base so severely. They were here and served while we built up this debt. I did not serve during that period of time.

But I can tell you this. What happened in 1981 and through the early eighties was that when it came to cutting the budget, what we did was we asked the very people to tighten their belts who could least afford to tighten their belts, the poorest of the poor people.

Above and beyond the fact I think it is wrong on constitutional grounds, it would lead to a minority obstructing economic policy, it would cripple antirecessionary economic policy so important to people in this country, I will tell you what is the last consideration, a real important one for me.

I think what this will lead to is cuts in programs important to the concerns and circumstances of the lives of women and children and many people who are struggling economically in this country.

I think that is exactly what is going to happen. I think that is the kind of policy that this amendment is essentially going to generate because what we end up doing, when it comes to how, once we are in this box, we balance the budget, is we make the cuts directed toward the citizens that are the most vulnerable with the least amount of political clout.

I say to my colleague, whom I admire, I have a sense of foreboding that that would be the effect of this amendment being passed, and for all the reasons that I stated on the floor of the Senate today, Madam President, I will vote against this and I urge my colleagues to vote against it.

I yield what remaining time I have back to Senator BYRD.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. SIMON. Madam President, I suggest the absence of a quorum and ask that the time be equally divided between Senator HATCH and myself.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. HATCH. Madam President, I yield 3 minutes to the distinguished Senator from Kentucky.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized for 3 minutes.

Mr. MCCONNELL. Madam President, I suggest the absence of a quorum for a few moments.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The Senator is recognized for approximately 2 minutes.

Mr. MCCONNELL. Madam President, I have carefully listened to the debate of my colleagues here on the Senate floor. I have heard many Members state that the vote on the balanced budget amendment to the Constitution will be the most important vote in their careers. They are right, but it also should be the easiest. The current deficit situation is so severe that it makes this decision fairly straightforward.

On the one hand, we can oppose this amendment and continue with the status quo charging billions of dollars with the national credit card to be paid by future generations or we can vote to end this fiscal nightmare and force the Government to live within its means. As for me, I shall cast my vote for the balanced budget amendment to the Constitution.

In the last 30 years, the Federal Government has balanced its budget only once. For the last 25 years, Congress has maintained a perfect record of spending more than it raised. The Congressional Budget Office has estimated as far out as the year 2004 when the annual deficit will be $365 billion and interest payments will be $334 billion. The interest on the national debt will increase by nearly $1.7 trillion by the year 2000. This vast sum could finance the entire 1994 budget. In fact, if we could somehow eliminate the interest payments, we could close the budget deficit.

In 1992, we sent nearly $40 billion overseas in interest payments. Compare this to the $38 billion spent annually on all nutrition programs, including food stamps, Women, Infants and Children and school lunch programs.

The Clinton administration is engaged in irresponsible scare tactics to rally opposition. The estimates and the cuts proposed by the administration are sheer hyperbole. The administration imagines that on January 1, 2001, all programs and funds will be slashed to the bone. This is not necessary. Realistic budget prioritization would help to eliminate wasteful spending and redirect valuable budget dollars.

Since this amendment does not take effect until 2001, Congress would have 7 years to prepare for a balanced budget. According to the CBO baseline, Federal spending could continue to increase by 2.8 percent per year, and expenditures would fall into balance with revenue by the year 2001. This is quite a different story than the doomsday scenarios painted by the President and his staff.

So I believe the choice is absolutely clear. Members of this body must ask themselves: Do they want to give their children and grandchildren a lower standard of living than they have enjoyed? Unless we take responsibility for our actions, that is exactly what will happen. The Government Accounting Office reported that the Gross Domestic Product will fall by 7 percent if we continue down this budget-busting path.

Let me address another scare tactic used by the budget-busting caucus. This amendment does not endanger the Social Security program in any way. Already there are safeguards to prevent Congress from tampering with the actuarial balance. However, if Congress fails to pass the balanced budget amendment I cannot be certain that ballooning interest payments will not adversely impact Social Security. By making this decision now, I believe that we can protect the long-term health of the Social Security System.

I hold the Constitution in highest regard and have carefully considered the constitutional significance of the balanced budget amendment. I have concluded that this carefully conceived amendment is no less constitutional than the balanced budget amendments that regulate State governments across America. President Clinton should know that: He was compelled to obey a balanced budget law as Governor of Arkansas.

This amendment will significantly alter the budgeting process that Congress has so sorely abused. By ignoring self-imposed budget rules and targets, Congress can continue to tap the seemingly endless supply of credit—known to working Americans as tax dollars. The balanced budget amendment will put an end to this abusive power.

Most importantly, this amendment will require Congress to spend within its means. It will require 60 votes to increase spending, and will require a constitutional majority of 51 Senators rather, that a simple majority, to raise taxes. This would force each Senator to stand up and be counted on spending and tax increases.

The Simon amendment will help put an end to the tax-and-spend budgets that Congress has churned out year after year. Congress needs to accept the responsibility for its past excesses. The sky will not fall if Congress redirects spending and establishes a plan for meeting a balanced budget. It is important to put the past behind us and cooperate for the security of our future.

I urge my colleagues to support the constitutional amendment to balance the budget.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. HATCH. I yield 3½ minutes to the distinguished Senator from Alaska.

Mr. MURKOWSKI. Madam President, in a few hours, the Senate is going to cast a vote on whether or not we are going to stay the course of deficit, debt, and out-of-control spending or change our Nation's course of fiscal responsibility. I think there is no third alternative. If we stay the course and do nothing, entitlement spending will remain on automatic pilot rising from 52 percent of national Federal spending to nearly 60 percent by the end of the century. Add in mandatory interest payments and automatic spending will exceed 72 percent of Federal spending.

If the balanced budget amendment is not adopted by the year after it is due to be implemented in the year 2002, 75 cents out of every dollar we spend will go to entitlements and interest. If we stay the course, we will pay out more than $1.173 trillion over the next 5 years just in interest to cover the debt. And if interest rates rise by 1 or 2 percent, we will pay out an additional $150 billion to $300 billion in interest.

The current rate of interest on the debt is about 5.8 percent. I am sure we all remember the prime rate in this country in December of 1980 was 20.5 percent. We are very fortunate, but it can go up again. All the money we borrow over the next 8 years, $1.673 trillion—all of it—will be used to pay for interest on the debt. And in barely 10 years, our national debt will double from $4.5 to $9 trillion.

The editorialists in the New York Times and Washington Post who oppose this amendment recognize Federal borrowing must be contained, but they do not propose any solutions on how we are to get control over spending. They just say Congress should cut spending. We have had two Gramm-Rudman laws which held out the promise of zero deficits in 1991 and 1993. We adopted the budget agreement of 1990 which held out a near-zero deficit by 1995. None of these statutes approved by the Congress and the President worked. What happened is our debt doubled and spending jumped 57 percent.

If not now, Madam President, when? The present budget shows a never-ending increase in Federal spending, deficits and debt, and by the end of this decade, we will have run deficits for 29 straight years. The administration and the opponents of this amendment offer no alternative solutions to specifically bring the debt and deficit under control. If we do not adopt this amendment today, what will we tell our children and our grandchildren in the decades to come when the ability of the Federal Government to do anything will be handcuffed by the legacy of debt and deficits that we are leaving them? It is now or never. Let us do it now, Madam President.

I thank the Chair and I yield the floor.

Mr. HATCH addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

The Senator from Utah.

Mr. HATCH. Madam President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator reserves the remainder of his time.

Who yields time?

Mr. SIMON. Madam President, I question the presence of a quorum and ask that the time be divided equally between Senator HATCH and myself.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BYRD. Madam President, I yield 7 minutes to the Senator from Nebraska [Mr. KERREY].

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. KERREY. Madam President, I rise today to express my opposition to Senate Joint Resolution 41, the balanced budget amendment. The amendment's sponsors, I understand, believe in it sincerely, and I do genuinely salute their effort. Nevertheless, I have decided, as I have in the past, to continue to oppose this amendment.

I do so, Madam President, because I believe in a balanced budget and I believe this proposal will sully the Constitution without actually achieving one.

I ask also unanimous consent, Madam President, that an editorial from the Omaha World-Herald, which lays out a persuasive case for opposing the amendment be printed in the RECORD.

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

BALANCED BUDGET SHOULD BE GOAL; AMENDMENT ISN'T BEST MEANS

Balancing the federal budget ought to be a higher priority for Congress and the White House. But we remain skeptical as to whether a constitutional amendment is the best way to go.

Each president in the last 30 years has had the opportunity to propose a budget that required no borrowing. Each Congress over that time has had the opportunity to pass such a budget. But not since the 1960s has the government completed a fiscal year without going deeper into debt.

Government has grown too big. It taxes too much. It spends too heavily. It borrows far more than is reasonable. It entangles itself too deeply in people's lives, stifling initiative and forcing some people into dependence.

Legislators have for too long pandered to almost any "victimized" group, creating entitlements and throwing money at problems, some of them manufactured, not real.

As American society matures, sadly, some Americans become lazy and greedy. They learn to exploit the sympathies of elected officials who want to please everyone. Notch

babies, welfare mothers, defense industry workers all say, "Gimme, gimme." All too often, Congress, wanting to be loved, says, "OK."

In addition, there are unquestionably real problems that have developed. They defy solution without huge federal expenditures. Too much violence in the streets, requiring sizable spending for free hospital and emergency room care. Increasing mental illness, caused in part by a growing number of families where traditional breadwinners no longer have marketable skills. Colleges and universities so dominated by the bureaucracies of tenure-protected faculties that their tuition has gone up far faster than inflation rates, effectively cutting off higher education to millions of able but poor people. Crack babies the public must pay to keep alive. And many similar problems that society has not been able to solve without turning increasingly to the federal government.

It's not difficult to understand why some Americans have seized on the idea that the problem could be solved by amending the Constitution to force the president and Congress to balance the budget.

But the amendment now before Congress could cause more trouble. A bipartisan group of constitutional scholars and law professors, including Robert Bork and Archibald Cox, contends that it would deny Congress and the president the flexibility they need to respond to changing economic conditions. Cox told a congressional committee that a balanced-budget amendment would "undermine confidence in the Constitution and feed distrust of government by holding out guarantees that will almost surely prove illusory."

What a sad state of affairs it would be if Congress needed a constitutional amendment to force it to stop spending the government into fiscal disaster.

Two Midlands senators, J. James Exon of Nebraska and Charles Grassley of Iowa, are co-sponsoring the amendment. Bob Kerrey of Nebraska said he will vote against it. Tom Harkin of Iowa said Thursday that he is leaning toward supporting the amendment.

We hope he leans back the other way. The amendment ought to be stopped on Capitol Hill rather than being sent to the states, where legislators sometimes come under pressure from people who hate all elected officials and want the power of the legislative branch to be drastically curbed.

Certainly federal budgets should be balanced as soon as it is possible to do so responsibly. The fact that so many Americans now see a constitutional amendment as the only solution is a stinging indictment of past failures to do so.

Mr. KERREY. Before we talk about what this amendment would do, I should like to talk about what it would not do.

I must say that it is tempting to vote for this amendment. I have been around this body now for 5 years. I have seen opposition to it weakening day by day, and I understand that many people from Nebraska as well as across this Nation support this amendment, and I must say support it for good reasons.

They support it because they are tired of picking up their newspapers or turning on the television news and hearing that in spite of our supposedly heroic efforts to cut the deficit, we will still pile hundreds of billions of dollars annually onto the national debt over the next 4 years.

They are tired of hearing us talk a good game and fail time after time to deliver. They are tired of it, so now we are extending this proposal to appease them.

But I believe we should quit kidding ourselves. Let us tell the American people the truth about what will happen if we pass the balanced budget amendment. Over the next 4 years, we are still going to pile hundreds of billions of dollars a year onto the national debt. We are still going to talk a good game on deficit spending cuts and deficit reduction and fail time after time to deliver. All of that will happen with or without the balanced budget amendment. The only thing that will stop this nightmare of borrowing from our children is courage, and courage cannot be legislated into the Constitution of the United States or anywhere else.

Opponents argue that the amendment will force us to make tough decisions because it requires a supermajority of 60 votes to allow deficit spending. It is a curious proposition, Madam President, because anyone who watches C-SPAN or follows the workings of the Congress knows we already have a supermajority that favors deficit spending reduction. Over the past 15 years, as deficits ballooned and the debt rocketed skyward, this body did not pass deficit-financed appropriations bills by narrow margins that would be crushed under the weight of a 60-vote test.

Madam President, those deficit spending bills swept through by margins far greater than the 60-vote supermajority. Those who say Congress is hamstrung by partisanship and gridlock never saw us get together to spend taxpayer money. Year in and year out, there are far more than 60 votes in favor of deficit spending. So the 60-vote provision will change nothing.

Proponents also argue that the amendment will only allow deficit spending in emergencies, a persuasive argument but for the fact that Washington and Webster define the word "emergency" in very different ways. Year after year, we pass emergency supplemental appropriations packed with tens of billions of dollars in deficit spending, most of it legitimate, but billions more the only emergency for which is political expediency.

So let us be honest, Madam President. The balanced budget amendment, while a noble idea motivated by the best of intentions, is not going to produce a balanced budget. We do not raid our children's fortunes to indulge our excesses today because of a constitutional loophole that this amendment will plug. We borrow hundreds of billions of dollars a year because we do not have the courage to tell the American people the truth about the shared sacrifice it will take to balance the budget.

I must add, Madam President, that this body caught a great deal of flack a few months ago for passing a budget that outlined specific spending cuts but did not require us to vote on them for years. But the balanced budget amendment relies on unspecified cuts that we will not have to vote on for years. We are not being asked to vote on a specific proposal to balance the budget today. It may be, in fact, that the balanced budget amendment would actually delay action to balance the budget.

Earlier this month, we got a sense of how difficult achieving those spending cuts—60-vote majority or not—will be. Several colleagues and I offered an amendment to cut spending by $90 billion over the next 5 years. It failed 65-31, easily surpassing the 60-vote majority required by the balanced budget amendment. And to balance the budget as required by the amendment, we would have to cut more than $600 billion over the same period. Madam President, $600 billion, nearly seven times what this body overwhelmingly opposed less than a month ago.

The bottom line, Madam President, is that the balanced budget amendment is not going to swoop down and balance the budget. The same 535 of us who have refused to do it to date are going to have to vote to balance the budget and if we cannot or will not, this amendment contains an escape clause for us. The balanced budget amendment does not force us to shoot down the enemy plane; it just asks us to, but gives us an eject button in case we do not want to.

What would the balanced budget amendment accomplish, Madam President? Some proponents argue that it would give those who have opposed spending cuts on political grounds the political cover they need to support them and this, Madam President, goes to the heart of my misgivings about the amendment. We are adults, Madam President, yet we are telling the American people that we are so afraid of doing the right thing that we must write dodges and covers into a document as sacred as the Constitution of the United States to force us to do it. When we teach our children not to lie or cheat, it is not because we or the law or the Constitution say not to, but because doing so is wrong. When we tell them to resist peer pressure it is not because the Constitution or the law tells them to but because we want them to have the courage to do what is right. So we must ask what sort of lesson we teach when we say that their parents are unable to do what is right until the heavy hand of the law forces them to.

And if we decline to do the right thing unless the Constitution tells us

to, what is next? This body is called upon to show courage every day, Madam President. Will we dodge every tough call, wink at every controversial vote, and amend the Constitution to cover our tracks?

We are adults, Madam President, and all it will take to balance the budget is for us to have the courage to do it. This body is not controlled by forces beyond our control. It is certainly due that many of the legislative procedures we follow are geared toward spending taxpayer money, not saving it, and that they must be reformed if we are to achieve a balanced budget. But that too, Madam President, is in our control.

Let me make perfectly clear that I strongly support a balanced budget and have voted, if unsuccessfully, to achieve one. Deficits ravage the economy by soaking up private savings, driving up interest rates and making borrowing for investments more expensive.

The numbers are harrowing. The General Accounting Office says the share of net national product available for new capital formation declined from about 9 percent in the 1960's to just over 2 percent in 1990. Government borrowing now consumes full three out of every four dollars in savings. Let me repeat that, Madam President. Government borrowing gobbles up three out of every four dollars in national savings, savings that would be used to invest in the economy and create jobs were they not being gobbled up by the Government. So there is no question that restoring fiscal sanity to this Government is mandatory.

In fact, I believe we should go beyond balancing the budget and begin to establish a surplus, which is necessary to begin paying off the $4 trillion in debt we have accumulated. When I served as Governor of Nebraska, we turned a deficit into a surplus and I deeply believe Nebraskans are better off because of it today. We did it by making tough decisions, Madam President. Decisions that hurt. Decisions that asked shared sacrifice of the people of Nebraska. Decisions that paid off in the long run because we put aside the political concerns of the moment and acted on the interests of our children. There is no reason we cannot do in Washington what we did in Lincoln.

The havoc wreaked by deficit spending goes beyond its affect on the economy, Madam President. Our actions by any just measure are not just economically foolish, they are morally wrong. We are spending our children's money here, Madam President.

If we are to achieve the goal of stopping that practice we must also address the growth of mandatory and entitlement spending. This year, interest on the debt will gobble up nearly 14 percent of our total Federal outlays. Let me repeat that one: 14 cents out of every hard-earned dollar that taxpayers send to us in good faith disappears down a sinkhole. It does not pay off debt; it finances interest on debt. It does nothing for the people who send it here.

Entitlements consume another 54 percent of the budget, and by 1998 entitlement spending will surpass the $1 trillion mark and consume nearly 60 percent of all Federal outlays. Discretionary spending—the money that we actually debate every year—makes up a little more than a third of our current budget. And that percentage shrinks every year as a larger and larger share must go to mandatory interest payments and entitlement benefits. Defense spending makes up less than 20 percent of outlays. International spending programs is slightly more than 1 percent and domestic spending is about 17 percent. So if we are to achieve the noble goals embodied in the balanced budget amendment we are going to have to address entitlements. This is a mathematical proposition, Madam President, not a political one, and I look forward to helping to address it through the Kerrey-Danforth Commission on Entitlement and Tax Reform, which I am cochairing with my friend from Missouri.

Fundamentally, I oppose the balanced budget amendment because I do not want to see the Constitution of the United States loaded down with language that accomplishes little but to satisfy the political whims of the day. The bottom line is that the balanced budget amendment is not going to balance the budget. We have to do the job, Madam President, and the most cleverly conceived addition to the Constitution will not do it for us.

So I oppose the measure, Madam President. The American people are on to our rhetorical game about spending cuts, and I do not believe the solution is to walk away from that game just to start a new one. The solution is to do what is right, Madam President, and the power to do so is ours.

Madam President, as I said, I have a great deal of respect for those who have offered this amendment, who have argued day after day that it is necessary. And to those who have argued in this fashion, I say simply this: We have many opportunities to put our courage on the line. I intend to come to this body this year and reoffer amendments, if we fail to get a majority for cutting discretionary domestic spending, because I believe the market will respond positively. That can and will create jobs as a consequence of that action. It is in the economic interest of this country to do so.

Second, Madam President, I intend to come and say it is time for us to face, as we almost did last year, entitlement spending, which everyone who has studied this budget knows has gotten out of control. Last year, again, we failed on a 51-to-47 vote to get a sufficient number of votes to get that attached to the budget resolution.

I believe those who have argued for the balanced budget amendment have provided us with the courage and the impetus necessary to pass that restraint in entitlement spending.

Madam President, if we follow that as well in the health care debate, and say that for health care spending we are going to require balancing our accounts, if we simply say that for that item of our spending that is growing at the fastest rate, we are going to require a dedicated fund, doing those three things, I believe, in this particular year will enable us to in fact accomplish the objective that the authors of this amendment are proposing.

I ask for 1 additional minute, if I may, to close.

The ACTING PRESIDENT pro tempore. Does the Senator from West Virginia yield 1 additional minute?

Mr. BYRD. I yield 1 additional minute to the Senator from Nebraska.

The ACTING PRESIDENT pro tempore. The Senator is recognized for 1 additional minute.

Mr. KERREY. Madam President, again, I believe that a balanced budget is in the economic interest of this country. I am prepared to risk my political career in accomplishing that objective. I believe that our children and our grandchildren will thank us for the effort.

I have heard people come to the floor and say that a balanced budget is not good economic strategy. I believe that it is.

Madam President, I intend to come and participate, hopefully, with Republicans and Democrats who feel likewise, and see if there is not a majority in this year of 1994 who are prepared to put our political reputations where our political mouths are.

I thank the Chair.

I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. SIMON. Madam President, I yield 10 minutes to the Senator from North Dakota.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized for 10 minutes.

Mr. DORGAN. Madam President, I thank you very much for recognizing me, and I thank the Senator from Illinois.

I have long resisted efforts to change the U.S. Constitution. I have voted against amendments dealing with such subjects as abortion, prayer in schools, and even flag burning.

Some of them were difficult votes. It was obviously difficult to vote against a constitutional amendment that would have prohibited flag burning. Polls at the time showed that most people believed that amendment should have passed. I did not happen to believe

in changing the Constitution to do that.

So I have long resisted measures to change the Constitution. But today, I will vote to support a change in the Constitution to require a balanced Federal budget.

I am convinced that it is the right thing to do and the necessary thing to do.

Every day, our annual Federal deficits add to the towering Federal debt. In my judgment this debt threatens this country's future.

We are selfishly spending resources that belong to our children. Unless we change the course, we will leave our children with a crushing debt rather than a foundation for a better economic future.

A constituent called me today and implored me not to vote for the amendment. "We need these Federal spending programs," he said. I told him if we need them, then we should pay for them. If we are unwilling to pay for them, maybe we do not need them.

One way or another, all of us agree we need to change our country's fiscal policy. I will vote to try to force that to happen.

I did not aspire to serve in the Congress to be a trustee in bankruptcy. This country is $4.4 trillion in debt and heading to $8 trillion in debt. I am determined to help force, in whatever way necessary, what all of us know in our hearts we must do: stop spending money we do not have.

So this is a vote that I will cast for my children. As I have said before, the Senator from Illinois and his colleagues serve the country by bringing this to the Senate today.

I would like to ask the Senator a question about the Social Security issue. I added an amendment to Senator REID's alternative that we voted on earlier to exempt Social Security from the balanced budget requirement. I would have liked to have added that amendment to the Simon amendment.

We are now, by design, running surpluses in the Social Security system in order to prepare for the time when we will need them, when the Baby Boomers retire. I do not want to be in a situation where we use those surpluses to balance the Federal budget. That would be dishonest.

If we did that, we would, in effect, steal money from a trust fund. We collect this money from the payroll taxes, out of workers' paychecks and businesses, and we assure them that this money will go into a trust fund. We promise people that it will be used only for trust fund purposes.

If we use that money to offset the operating budgets deficit, we are misusing that money. We cannot allow that to happen.

It is my understanding that there is nothing in Senator SIMON's constitutional amendment that would prevent implementing legislation from raising the budget balancing standard even higher. We could create a higher standard. We could require that the budget be balanced exclusive of the Social Security surplus. If we did that, you would not be able to count Social Security surpluses for the purpose of determining whether you have achieved a balanced budget.

I ask the Senator from Illinois whether he agrees that we could, in the implementing language, without any constitutional difficulty at all, simply raise the bar. Does he agree that we could pass a law saying that we will not count the Social Security surplus, for purposes of counting receipts and disbursements under the constitutional amendment? Could we force ourselves to meet a higher test in this way?

Mr. SIMON. If my colleague will yield——

Mr. DORGAN. I am happy to yield to my colleague.

Mr. SIMON. Madam President, the Senator from North Dakota is absolutely correct. I will add that I agree with him. When I originally drafted my constitutional amendment, it exempted Social Security. There are some problems long term in doing that. But the wisdom of doing what the Senator suggests, and doing it by statute, is a protection for Social Security, and also a protection for the fiscal integrity of the United States of America, because we are not relying on the Social Security funds. We are not dipping into those funds.

Just to make absolutely certain that was the case, my staff contacted the Congressional Research Service, and they sent a memo back. I will just read two sentences of it:

> Would Congress, under such an amendment, have the authority, for example, to pass a law requiring the Government to achieve a surplus each year, say in the amount of the Social Security Trust Fund?
>
> We do not perceive any respect in which the amendment would operate to limit Congress' authority in this way.

Mr. DORGAN. Madam President, may I ask the Senator from Illinois whether he agrees that if we take the Social Security funds out, it simply raises the bar; it requires a greater standard of deficit reduction to reach a balanced budget?

As the Senator has said, he supports that. My personal feeling is, if we ever get to implement this constitutional amendment through legislation, I will be very interested in removing the Social Security surplus and raising the bar.

Would the Senator be supportive of such legislation?

Mr. SIMON. Not only would I be supportive I would be pleased to cosponsor such legislation. I think it moves in precisely the right direction.

Mr. DORGAN. Madam President, the reason I raise this issue is that some of the debate here has been inaccurate.

There are those who say if you take Social Security out you are doing sleight of hand. It is inaccurate.

I agree with the Senator from Illinois that after the year 2035 we have to do something else on Social Security, because it is projected to be in deficit then. But the fact is that we must not count the surplus between now and year the 2035. Between now and then we have an enormous bubble of surplus. If you do not count that money, then you have a higher standard to reach in terms of a balanced budget.

If you do not count those annual surpluses, you will reach a balanced budget faster, and you will force the savings that we thought we were going to achieve when we passed the Social Security reform bill in 1983. The reason we increased taxes on payrolls in this country is we decided we must force national savings to meet a need after the turn of the century. To fail to do so is irresponsible.

That is why I say to the Senator from Illinois that—whether it is under the current budget scheme in Congress without respect to this constitutional amendment, or whether it is with respect to a constitutional amendment—we must do the right thing with respect to the Social Security trust funds. The right thing is not to count them in the balanced budget computation.

That is the only way we achieve national forced savings that we promised the workers and businesses in this country we were going to achieve.

Mr. SIMON. If the colleague will yield, he is correct. What it will do in addition to protecting Social Security is it would send interest rates down in the country and lift the economy of our country.

So, on every count, my colleague from North Dakota is absolutely correct, and I am pleased with his comments.

Mr. DORGAN. Madam President, I wonder whether my good friend, the Senator from Illinois, would yield for a question. As he knows, my priority in this debate has been to protect the long-term fiscal health of Social Security. Would he kindly yield for a question on that point?

Mr. SIMON. The topic that the Senator from North Dakota raises is extremely important to me as well. I would be happy to yield to the Senator from North Dakota.

Mr. DORGAN. I thank the Senator.

Last week, when I was sharing my concern for Social Security with my colleagues on the floor, I understood the Senator from Illinois to say that he would be happy to work with me to protect the Social Security trust funds in implementing legislation, should his amendment become part of the Constitution.

While I know that the Senator from Illinois can speak for no one but him-

self in this matter, could he assure me and our colleagues that he will work to protect the Social Security trust funds when we pass implementing legislation?

Mr. SIMON. Yes. My friend from North Dakota has understood me correctly. Since I began to serve in the Senate in 1985, I have fought to ensure the long-term viability of the Social Security trust funds. If we hope to have money available when the current generation retires, we must stop using the Social Security surplus to reduce the deficit. Indeed, I look forward to working with the Senator from North Dakota and other Senators who may be interested in protecting Social Security, when we implement this amendment through legislation.

Mr. DORGAN. I appreciate the Senator's response. since we agree on this goal, I wanted to ask the Senator from Illinois a specific question about the Social Security trust funds.

It seems to me that Senator SIMON's amendment would not prevent Congress from setting a higher standard for itself than simply balancing the budget. The Constitution would require a balanced budget, but Congress could enact a rule saying that the non-Social Security receipts and outlays of our Government must be in balance even in the years when there is a Social Security surplus. I would as the chairman of the Senate Judiciary Constitution Subcommittee whether I am correct in this belief.

Mr. SIMON. I believe that the Senator from North Dakota is correct.

The balanced budget amendment that I have sponsored would be no different from any other constitutional provision. Congress could still set a higher threshold for itself and run overall surpluses equal to the surpluses in the Social Security system.

Yesterday, the Constitution Subcommittee received a memorandum from Johnny Killian, the well-respected constitutional law expert at the Congressional Research Service. Let me read to my colleagues the relevant portions of his analysis.

Would Congress under such an amendment have the authority, for example, to pass a law requiring the Government to achieve a surplus each year, say in the amount of the Social Security trust fund?

We do not perceive any respect in which the amendment would operate to limit Congress' authority in this way. The amendment would limit the power of Congress and the President to run a deficit in any year, save in accordance with the amendment's exceptions, and would impose certain requirements on congressional lawmaking, such as a majority vote to raise taxes and a three-fifths vote to increase the limit on the public debt. But, in the absence of a specific bar or a mandatory affirmative action, the amendment would leave congressional power in all other respects untouched.

That is, if Congress could now enact a law requiring the Government to achieve a certain surplus, there is nothing in the amendment that would, after ratification, preclude Congress from so acting. A mandated surplus would be in addition to the amendment's strictures, and there is no way in which it can be discerned that such a mandate would violate the amendment's provisions. Just as Congress now has power to enact statutes, such as Gramm-Rudman-Hollings, it would continue to have the power in a constitutional system that include a balanced budget amendment.

Madam President, I ask unanimous consent that this entire memorandum from Mr. Killian of the Congressional Research Service be placed in the RECORD at the conclusion of my colloquy with the Senator from North Dakota.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered (See exhibit 1.)

Mr. SIMON. Madam President, I would like to thank the Senator from North Dakota for helping to bring this matter to the attention of the Senate. His efforts over the past 2 weeks suggest how strongly he feels that we should ensure the financial future of Social Security, and I salute him for those efforts.

Mr. DORGAN. Madam President, I thank the Senator from Illinois for his courtesy in clarifying this matter with me. I am glad that he shares my view of the importance of protecting the Social Security trust funds, and I appreciate his commitment in this area. I look forward to working with him to protect Social Security, and I look forward to approval of his amendment by the Senate, the House of Representatives, and the States.

EXHIBIT 1

CONGRESSIONAL RESEARCH SERVICE,
Washington, DC, February 28, 1994.

To: Senate Judiciary Subcommittee on the Constitution. Attention: Aaron Rappaport.
From: American Law Division.
Subject: Interpretation of Balanced Budget Amendment.

Would Congress under such an amendment have the authority, for example, to pass a law requiring the Government to achieve a surplus each year, say in the amount of the Social Security trust fund? We do not perceive any respect in which the amendment would operate to limit Congress' authority in this way.

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JOHNNY H. KILLIAN,
Senior Specialist,
American Constitutional Law.

Mr. DORGAN. Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from Utah.

Mr. HATCH. Madam President, I yield 3 minutes to the distinguished Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 3 minutes.

Mr. COATS. Madam President, I spoke on this issue yesterday. I would attempt not to be repetitive in these 3 minutes that I have. I want to make just one point.

It is a high privilege to serve in the U.S. Congress, a high privilege to serve in the U.S. Senate. There are few Americans in history who have had this privilege.

I think all of us want to make a contribution that we will be remembered for. Some obviously will make greater contributions than others. When we look at the time of service in the whole spectrum of time we will be just a moment on that spectrum. But I think we all hope to leave at least some legacy so that future generations, whether it is just our children and grandchildren or whether it is those that we have served, will look back at our time and say they looked out for the best interests of the country and they did not just respond to the immediate. They looked to the future. They looked beyond the political expediency of the moment, and they looked to the legacy of the future.

When we consider that, the numbers are staggering in terms of what has happened to our debt.

When I entered the U.S. Congress the debt was less than $1 trillion. It took more than 200 years for our Nation to reach a debt level of $1 trillion, and in just 13 years that debt has been multiplied by 4½ times where it is now $4½ trillion and growing at a staggering rate.

Future generations will look at this period of time and say: "Why did you saddle us with such a crushing staggering debt that has taken away our ability to grow and to prosper and to be the kind of Nation that we had hoped we would be. Why this staggering level of interest that consumes our ability to accumulate capital, provide for a dynamic economy, and meet the needs that are present in today's society. Why did not you do something?"

And we will say: "Oh, but we did. We tried this and that, and we tried caps, and we tried just about every legislative device known to man."

But they will say: "But it does not matter what you tried. It is the results

that matter. And the results are that that debt went from $1 trillion at the time when you first entered Congress and it is $4.4 trillion now and growing at a staggering rate. Why did not you do something that worked?"

I think the only thing before us that we know will work is when we have to place our left hand on the Bible and raise our right hand and swear to uphold the Constitution of the United States, which says we must balance the budget; we must not violate the principle: Do not spend more than you earn.

I urge my colleagues to think about the future and the legacy they leave and not just the political expediency of the moment.

The PRESIDING OFFICER [Mr. WELLSTONE]. The Senator from West Virginia is recognized.

Mr. BYRD. I yield 15 minutes to the able and distinguished Senator from Oregon [Mr. HATFIELD] and then, if I may, following Mr. HATFIELD I would like to yield 10 minutes to the Senator from Massachusetts [Mr. KERRY]. Is that all right?

Mr. HATCH. Sure.

Mr. BYRD. I yield 15 minutes to Mr. HATFIELD and then 10 minutes to Mr. KERRY.

Mr. DOMENICI. Will Senator HATFIELD yield 10 seconds on my time?

Mr. HATFIELD. On his time, I am happy to yield.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Might I ask the managers and Senator BYRD after that 25 minutes, would it be possible to agree now, since I will have 15 minutes, that I could go third since I am here?

Mr. BYRD. That is fine with me.

Mr. SIMON. That is perfectly acceptable, Mr. President.

Mr. DOMENICI. Thank you very much. I thank Senator HATFIELD.

Mr. HATFIELD. I am happy to yield to the Senator from New Mexico any time.

Mr. President, before us this week is an idea that has been debated for many years. I carefully considered the concept of a balanced budget constitutional amendment because, like so many others, I wanted to believe there could be some easy way to bind ourselves to responsible budgeting. Whereas the history of limited effectiveness in past budget procedures has made some people cry out for moving to a constitutional amendment, it has convinced me otherwise. I believe that this idea is fatally flawed because it simply will not work. What do we have to lose if the amendment proves ineffective? We may lose the already eroding confidence of the public in their Government when it finds yet another promise broken.

A balanced budget can come only from compromise. This compromise must come from each of us. But, more importantly, it must come from those we represent—those who do not want their taxes raised any more than we want to raise them—those who do not want their benefits cut any more than we want to cut them. In the end there is no easy answer, and there never will be. Regardless of the procedural restraint in place, where there is political will to create a balanced budget we will create one, where there is will to avoid one, we will avoid it. A vote for this balanced budget constitutional amendment is not a vote for a balanced budget, It is a vote for a fig leaf.

Let there be no mistake about the nature of the debate this week. We are not debating whether or not to reduce the deficit. We are all agreed in that respect.

When I came here in 1967, the deficit was $8.6 billion or about 1.1 percent of the gross domestic product [GDP]. Last year the deficit was $255 billion or about 4 percent of GDP. This should concern us all. We should also be concerned that, while discretionary spending has been frozen under the caps imposed in 1990, mandatory spending—including $213 billion in interest on the debt—will soon consume the whole budget pie. Total mandatory spending has doubled as a percentage of GDP since 1967, and has increased from about one-third of the budget to almost two-thirds today—$47 billion of a $157 billion total budget in 1967 to $976 billion of the $1.5 trillion budget proposed this year.

These numbers are very disturbing, but to dwell on the size of the deficit misses the central point of this debate. We are not talking today about the goal of deficit reduction. I would hope that we all share that goal. We are talking about the method, or in this case, the latest gimmick we propose to meet that goal. There is no method spelled out in this amendment. This proposal puts new Senate and House rules regarding voting procedures into the Constitution. It does not balance the budget and gives no indication of how this might be done. Furthermore, it will not force Congress to budget responsibly.

In fact, there is something that strikes me as very strange and unprecedented about this proposal. If indeed this is an amendment requiring a balanced budget, as the first phrase of the amendment purports, then how can we allow Congress to essentially suspend the Constitution with a three-fifths vote? This is a very dangerous idea. What other constitutional requirements would we like to waive with a three-fifths vote? Free speech? Constitutional freedom of speech was suspended in Germany in 1933. What about freedom of religion or other civil liberties? Many Central and South American countries can suspend these individual freedoms; are they our role model? Perhaps the 22d amendment limiting the term of office for President should be subject to waiver. President Franklin D. Roosevelt would have easily found the three-fifths vote for that purpose if it had been in effect when he was in office. Because it allows us to ignore the requirement for a balanced budget, this idea of Congress suspending a constitutional requirement cuts against the separation of powers principal so crucial to the foundation of the Constitution.

I hope I never live to see the day when a headline in the paper says, "The Senate Today Voted To Suspend the Constitution."

And let us not forget that it is only one provision, but it is a constitutional suspension of authority vested in the Congress. This is not a code. This is not a statute. This is a constitutional amendment.

We would love to be able to promise our constituents that we will balance the budget. We would love to be able to promise them that we can tie our hands with another procedural gimmick.

It does not address the fundamentals of income and outgo. Do you know why? Because we do not want to face up to those mandates and those difficult tasks of addressing Social Security, addressing veterans' benefits, addressing Medicare and all the rest of the entitlements. That is what we are avoiding.

And the supporters of this amendment want it both ways. They call it a constitutional balanced budget amendment, but that is not what it does. Understandably concerned about the possible economic or security-related consequences if it actually works, this amendment contains loopholes written into its language, and will lead to other loopholes as implementing legislation is passed and interpreted by the courts.

Would the U.S. Congress purposely thwart the express intent of the Constitution? Perhaps no more than a State Governor or legislator would thwart the intent of their State Constitution, of which we in Oregon have such requirement. But, things are not always black and white, especially in the realm of budget law and budget gimmickry. States that have similar constitutional amendments use a host of methods to comply with the law while evading its intent. While almost all States have either a constitutional or statutory balanced budget requirement, 42 States have capital budgets which are not required to be balanced. Do they borrow for capital projects? Of course they do. They also tap into pension funds, accelerate revenues and delay expenditures, use sale-lease back schemes by transferring assets to other State agencies, borrow repeatedly against the same asset, and use a host of off-budget accounts, And I speak as a former Governor.

The budget debate over health care reform provides a perfect example of what we might expect in the way of off-budget accounts at the Federal level. The Congressional Budget Office believes that the administration's health proposals should be on-budget and would add $125 billion to the deficit. But, the administration argues that this is not a Federal program at all and would actually decrease the deficit. We do not know how these determinations would be made with a host of issues under a balanced budget amendment. There is no definition in this constitutional amendment for outlays or receipts. As we struggle to make our budget look more balanced, we will look for more ways to avoid the process altogether.

Some of us have already joined in taking Social Security off budget, an so forth.

What of the likelihood that we can achieve neither a three-fifths vote to pass a deficit budget, nor the majority needed to pass a budget without a deficit? Will we then shift the responsibility for meeting the requirements of this constitutional amendment to the executive branch?

We have already seen evidence of a so-called line-item veto—give it to the President to decide these matters.

Increasing Presidential power through impoundment control would be a misguided step that we would regret continually in the future. While we may not always be responsible with the budget, we are at least accountable to those who elect us. As with line-item veto proposals, the executive branch officials who might redefine Government spending priorities under such a scenario are unelected and directly accountable to no one.

Another way to avoid the Federal budget process is to mandate that the States or businesses pick up the costs. We have already practiced that. We have become very good at this in Washington. As it States and small businesses did not have their own budgetary difficulties, we now look at the menu, decide what is best for them to order, and then leave them with the tab. Conservative estimates by the Congressional Budget Office show that the cost to States and localities of Federal mandates rose from $225 million in 1986 to $2.8 billion in 1991. We might expect this meteoric rise to go through the roof if this amendment is enacted.

If I am skeptical about the ability of a gimmick to fix our budget, I am not skeptical about the ability of the people to demand and keep demanding that we respond to the budget challenge with real action.

Bipartisan negotiation, leadership and compromise have been the cornerstones upon which we have built all effective decisions on tough issues since the formation of our Government.

Compromises are difficult to reach with 535 separate entities trying to react to 15-second nightly news sound bites. I might ask my Republican colleagues whether we could have passed the policies of the early Reagan administration with this amendment in place. At least there was a gang of six on this side that said "no" to President Reagan's great escalation of military spending.

Last year's deficit reduction law provides an example of using compromises to start reducing the deficit. Unfortunately, the compromise did not expand into a bipartisan effort, or we may have had a closer look at those entitlement programs which take up a large part of our budget. While each of us may not have been pleased with last year's deficit reduction law, we should ask if a constitutional amendment would have led to a better result. If anything, the arbitrary nature of the amendment would lead to more ill-conceived budget policies. Despite its sometimes painful nature, the basics of the process have worked and will continue to work.

When I talk to people in Oregon about the deficit, I realize that it is very difficult for them to understand how we can go on spending more than we take in every year.

Analogies to private borrowing for houses and cars only go so far because constituents are not sure of the worth of the investments that this government is making with their tax dollars and with borrowed dollars. They are unsure of the value of the defense buildup of the 1980's or of the huge growth in Medicare and Medicaid. How did we get into a situation where we cannot drop the deficit to zero even over a few years because of the possible economic consequences? We got here by thinking that there are no tradeoffs, by reacting to interests of the day instead of making the tough choices. Ironically, the strong support for this amendment may be another example of that same lack of reasoning. The proposed constitutional amendment before us represents not action, but a promise. We do not need to make more promises, we need only to exercise the power we already have.

In the end, without a drastic abdication to the executive or judicial branch of our most basic constitutional duties, the balanced budget amendment will be a weak promise that we will not fulfill. There is no substitute for political will and there never will be.

I yield the floor.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for up to 10 minutes.

Mr. KERRY. The Senate has spent countless hours debating a balanced budget amendment to the U.S. Constitution. We have held hundreds of hours of hearings. I respectfully suggest, Mr. President, that this has been little more than posturing.

Make no mistake about it. I am for balancing the budget.

But there is nothing in this amendment that changes the method or politics available now for balancing the budget—if that was what we really wanted to do. This merely places a promise in the Constitution that we will behave the way we already should and already can.

I do not think we need words on paper to do what we could do today or tomorrow or could have done during the last week while this amendment was on the floor. We could have voted for a plan to reduce the deficit over the next 5 years instead of coming and voting on an amendment that has no enforcement mechanism and that pushes into the future the day of reckoning. We do not need to play political games.

What we need are not words on a piece of paper. We need guts in our belly. And we need commitment in our hearts to come to the floor and do what we keep pontificating about and campaigning about but ultimately refuse to do in the U.S. Senate.

Proponents of this amendment have argued that we would feel a greater imperative to balance the budget if an amendment requiring it were in the Constitution. When we pledge to defend the Constitution we would be pledging to balance the budget.

What about the oath we have already taken to defend the Constitution? Each Member of this Senate has already raised his or her hand and sworn to defend the Constitution. Defending the Constitution means taking seriously ones responsibilities to the long-term health of the Nation. It means making the kinds of tough choices needed to bring our budget into balance.

It means as well defending the Constitution against frivolous amendments that could eventually undermine it. It means defending the Constitution against attempts to diminish the rights or alter the structures of government that are true to the spirit of the Founding Fathers. In point of fact, if you are upholding your duty to defend the Constitution of the United States, you would vote against this amendment.

The Senator from West Virginia, I know, will describe later in greater detail the violence that this amendment could do to the stature of the Constitution if the amendment fails to have its desired effect; the violence that this amendment does to the division of power between Congress and the courts; the violence it does to what James Madison described in the Federalist Papers as what keeps us free in this country—majority rule. This amendment does violence to the forms and functions of our Government.

Only once in the 200-year history of the Constitution have we seen fit to amend it on a matter of policy. That was to begin prohibition. And it took

another amendment to undo that mistake.

Every other amendment to the Constitution of the United States involves a declaration of the rights by which we will live as Americans or the distribution of power between branches of government. Amending the Constitution is not to be done lightly.

In this case, we are contemplating not merely amending the Constitution, but enshrining in it the capacity for gridlock.

There are only seven exceptions to the principles of majority rule in the Constitution. Every single one of them involves that balance of power. The vote on impeachment; the vote on unseating a Member of Congress; the vote on ratification of treaties; the vote on the override of the veto; the vote on the seating of a Vice President replacing a President; and the votes on what happens on the occasion of an electoral college lock. These votes involve the definition of power between branches of government, these votes are part of the checks and balance essential to the structure of the Federal Government.

This amendment is not intended to, nor is it advertised as a change to the balance of power. Like prohibition, it is an amendment designed to address a policy issue. Its unintended consequence would be to enforce minority rule on issues of the budget—issues among the most important faced by this body.

How would it really work? Imagine that we have turned over to the minority the ability to decide whether or not the Nation runs a deficit in any specific year. If there is a recession, the budget may fail to meet the expectation—tax collections are down and payments to the unemployed and needy are up. No one wants to raise revenues. No one wants to cut spending. Not in a recession. But you have more than 41 U.S. Senators who—as a matter of principle or good old fashioned hardball politics—do not want even a small deficit. What happens? A constitutional crisis? Gridlock? Because 41 Senators say we are not going to do this.

This is an institution that is supposed to run based on majority rule, and our Founding Fathers put in a very careful restraint on that, which is the filibuster. As little as, I think it is, about 8 years ago, 9 years ago, we had only three filibusters a year. When I first came to the Senate less than 10 years ago, the filibuster still meant something. You still had the prospect of spending the night on a cot. You still had to come to the floor and speak. And it was used sparingly. Now the filibuster has become the instrument of delay, and it is constantly invoked as a process of preventing the Senate from doing its business.

Here we are being asked to turn over to the minority that is unwilling to let 51 votes today decide whether or not we should have a deficit or raise revenue, to turn over to them, enshrined in the Constitution, the power to forever create gridlock. Mr. President, this amendment is simply unworkable, unenforceable, and unnecessary.

Instead of unbalancing the constitution, let's vote on a plan that will balance the budget. Rather than waiting 4 or 5 years to take action on the budget, let's exert some discipline now.

I came to the floor last month with an amendment to cut the Federal budget by $45 billion. I lost on that vote, just as DALE BUMPERS has lost the many budget cutting amendments he has filed over the years, until he finally terminated the supercollider project last year. I lost in part because, for many Members, it is easier to vote for a balanced budget in the distant future than even small budget cuts today.

They remind me of St. Augustine's prayer, "Give me chastity and continence, oh God, but please do not give them yet."

Mr. President, if the Senate and this town had as much will as rhetoric, we could have focused all this time and energy on developing a real plan to eliminate the deficit. We are undervaluing our abilities, and underestimating the capacities of the American people.

Walter Lippman wrote in 1932 in times far harder than these that,

> Politicians . . . continue to think that the way to please and to reassure the people is to pat them gently and feed them pap. The[y] . . . are wrong. They do not understand the human animal. . . . They have forgotten that in the carnal nature of man there are chords of fortitude and heroism which, when they are struck, vibrate with an unaccountable energy. How else explain the great periods of history that punctuate the drab and flat routine of existence, except by the fact that when they must, men can rise so far above themselves that they hardly know themselves.

If the discipline exists to enforce the amendment, the discipline can exist to have a plan put in place now, providing the minority is willing to live by the votes of 51 U.S. Senators. And the fact is that that is precisely how we began to move the process this year—51 votes. The President of the Senate broke the tie, and we are now on the road to doing the very thing they seek to do.

Mr. President, I hope my colleagues will not seek yet another fig leaf in Washington and they will vote their conscience and they will vote to uphold the Constitution of the United States and defend it as they have already sworn to do.

Mr. HATCH. Mr. President, I yield 5 minutes to the distinguished ranking member of the Senate Budget Committee, and I understand the distinguished Senator from Illinois is willing to yield 10 minutes.

Mr. SIMON. I am willing to yield 10 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I see the distinguished chairman of the Appropriations Committee is on the floor, and I would be remiss if I did not congratulate him on his effort and his concern.

That brings me to the bar graph I have here on the floor that I think makes the case of the chairman of the Appropriations Committee, except I come down that the only way to get the entitlements under control is with this constitutional amendment. But if you will just look at the makeup of this last bar graph that goes out to 2001. The red bar is entitlements and other mandatory spending and amounts to $1.3 trillion. Defense and international is $283 billion. All of the nondefense discretionary spending—education, highways, National Institutes of Health—all those things that we, from time to time, think we ought to pay for as a people because they are in our best interest, is this little green $317 billion.

Frankly, the graph shows that a disproportionate share of the budget is uncontrolled because we will not change entitlement or mandatory programs. This leads me to the conclusion that the distinguished chairman of the Appropriations Committee has made clearly. Reducing this green bar, the domestic appropriations, cannot balance the budget. I say to my friend from Virginia, we are close to the point where you could destroy domestic discretionary appropriations, take it all away, and you would not balance the budget. If you phased it out over time, you would eliminate it and still not balance the budget.

So I think the way to make sense out of a budget is to take the pressure off the discretionary accounts so we can truly debate domestic needs. I think the only way that is going to happen in the next 10 to 20 years is with a constitutional amendment that makes this institution and the one down on Pennsylvania Avenue produce over a period of time a balanced budget or suffer the consequences that are clear in this amendment.

People say, how will it be enforced? Frankly, I asked the same question and we changed this amendment. It is now enforceable in a very unique but realistic way because it says when you reach the point that you are supposed to be in balance, you cannot borrow any more money. That is what it says. It will be illegal.

That is self-enforcing, for those who wonder about it. Self-enforcing, because what is American debt? American debt is Treasury bills. If the law says you cannot issue any more, who is going to buy them? Do you think somebody on Wall Street is going to say to go ahead and issue them even though they are illegal? Do you think someone

is going to violate the Constitution in order to finance the deficit, and spend more money? Literally, you will not have any money to spend, because you cannot borrow anymore. When you cannot borrow anymore and you have used all that you have borrowed, where are you going to get the money to pay the bills? So we added this constraint to the amendment that has developed over the past decade.

Let me make a second point, and then I will talk about what has gone on in the last couple of weeks. Here is a simple one.

The red line on this second graph is the budget deficit and the yellow line is the standard employment deficit. What is important is that many are coming to the floor and saying, as Senator SIMON has heard more than I, we are getting the deficit under control.

Let us look clear back here to 1965. Do you see how the red line fluctuates but establishes a clear upward trend? This is not anything new. While the deficit moves up and down, the long-run trend is a steady rise. Our ten year projections assume sustained economic growth as far as the eye can see at 2.7 percent, year after year after year, compounding itself to the year 2004, which would be an extraordinary economic recovery. Economic recoveries last on average 5½ to 6¼ years. We are expecting it to last until the year 2004, and guess what happens? The deficit is back up to $300 billion by the year this amendment says we should be in balance.

How can anyone say we fixed the deficit when we have not? How can anyone say we know how to take care of it; it just requires a little guts and courage? Let me say to my friends in the Senate, I have put so much of my gut in legislation on this floor to get this deficit under control.

In 1985, we got 51 votes for a bold deficit reduction plan. That plan was put forward by Republicans and one Democrat. Remember that one? We hauled in Pete Wilson, who was sick in the hospital. We got 51 votes and voted in a budget. If we had implemented that budget, the deficit would have been brought under control long before this last year's deficit reduction package. But once the 1985 plan passed, the House would not take it; and, yes, my good friend and Republican President Ronald Reagan would not take it.

So it takes guts, but you cannot get 51 people exercising the guts at one time around here because they all think they know better, or they are all pushed by interests that say you cannot do this one, you cannot do that one.

So anybody who thinks that we have not—the Government, this administration, this Congress—we have not surrendered to the deficit just does not know what they are talking about. Why does somebody not draw a 10-year plan? Why does the President not meet with us and draw a 10-year plan and vote on it to get a balanced budget? Is that not what you would like, I say to the Senator from Illinois? Nobody is going to do that because we are going to surrender to the budget deficit.

What have we heard for the last 2 weeks? We heard a tapestry of witnesses, one after another, coming before the Appropriations Committee or Senator SIMON's subcommittee. What were they saying? Let me remind the Senate of all those witnesses who said we cannot do this because we are taking the care out of Medicare, we are taking the aid out of Medicaid. Those witnesses were not talking about the constitutional amendment; they were saying we cannot balance the budget, that is what they were saying. Because to balance the budget, you cannot leave anything off the table. Those witnesses said do not balance the budget by cutting any of our programs.

They frame the debate by saying the constitutional amendment will do that, but the constitutional amendment is only saying get a balanced budget by 2001. That is what it is saying. And if you cannot do any of those things that the Cabinet members said we cannot do, that the ARP said we cannot do, that everybody says we cannot do, that means we have surrendered as a people to the deficit.

We had a hearing on this budget deficit 2 years ago, with one of the very distinguished constitutional experts from Harvard—his name is Laurence Tribe. When we brought to his attention the fact that this amendment had a provision in it that said at a point in time you cannot borrow any more money, he was very interested. He does not support a constitutional amendment. I do not want to put words in his mouth to that effect, but he said, and I quote:

> Given the centrality in our revolutionary origins of the precept that there should be no taxation without representation, it seems especially fitting in principle that we seek somehow to tie our hands so we cannot spend our children's legacy.

That is what the Simon-Craig amendment does. It says we are going to tie our hands so we cannot spend our children's legacy, just as plain and simple as anything you can imagine.

It is amazing that those who oppose it come to the floor and say, "Why, this does not occur until 2001." Is anybody suggesting that we ought to do it sooner? Is anybody suggesting there is a great risk in trying to do it sooner? Is anybody suggesting they have a plan that could receive some kind of majority support in the Nation to do it in 3 years, 4 years?

There are not a lot of options. The American people feel they are taxed up to here. I guess you can put another $500 billion on in taxes. You will get to a point where all the taxes will have an effect on the economy and you cannot sustain 2.7 percent real economic growth. If the economy slows, the deficit will not be $350 billion—it will be even higher.

The point I make today is that this Senator is proud of his work on the budget. Some people wonder why I stay with this, but I think I know as much about this budget and the budget process as anybody in either House of Congress. When they stand up and say there is no definition of outlays, outlays are clearly defined. The term has been used so repetitiously in the budget process of the United States that they are about as entrenched—the word "outlay"—as any fiscal policy word in the lexicon of U.S. Government's budget.

"Receipts," is also used in this amendment. Receipts are not defined? Receipts have been used so repetitiously that they are clearly defined in the budget process.

The Congress of the United States, based on this constitutional amendment, must sit down and draw a set of enabling laws that will tell you exactly how you are going to get there and what processes you are going to use. If Congress does not get it done, the country essentially, essentially goes broke. They do not have any more money to spend. At a point in time, we can only rely on the cash coming in because we have frozen the debt.

Now, frankly, I am not as fearful of that as some because I think we will act prudently.

And then some say, but, look, you are going to suspend the Constitution with 60 votes. There is nothing like this in the Constitution. This is not a right. This is an economic, commonsense part of the National Government. There may be occasions in a deep recession when you want to run a deficit and use the supermajority waiver in this amendment. This is not voting the Constitution out. It is making it work. Is that not right, I say to my friend from Illinois?

Mr. SIMON. Yes.

Mr. DOMENICI. So what I see here is that Senators can come to this floor, people can go to committee hearings, they can all talk about what we cannot do. But if in the same breath they are saying we ought to get a balanced budget, I must say to them I think we have tried everything that the ingenuity of this Congress can try to put together to force this to occur, and it does not occur, and it will not occur. Frankly, until we tie our hands so that we cannot spend our children's legacy, we are just not going to get there.

I believe this is a forcing mechanism. I do not think it is as certain of success as anyone here would like it to be. This Senator knows enough about it that if you said, "Will it work absolutely, Senator DOMENICI?" I do not know. But I tell you, what we are doing now is not

working. In fact, it does not have a chance of working.

Frankly, I must say, when you have Cabinet Members parading up last week saying you cannot do this, you cannot do that, you cannot do this, you cannot do that, they ought to be asked, well, let us throw this constitutional amendment away. Can we do something in your program by the year 2001 so that it will contribute something to deficit reduction? If the answer is no, all you can conclude is maybe you just raise taxes, I say to the Senator from Georgia, just keep raising them because you cannot change any programs.

Now, frankly, in my last argument, since I am a strong proponent of defense, I read Mr. Schlesinger's comments in the paper this morning that, if we adopt this constitutional amendment, we are going to put defense in a worse state. Frankly, it cannot get any worse. The pressure is already on. Defense is going to be cut to fund domestic discretionary accounts. The discretionary spending caps hold spending down and we are running around bragging this is the first time there are no increases. It is really a net, a net freeze in total discretionary spending.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. Could I have 1 minute to close?

Mr. SIMON. I yield an additional minute to Senator DOMENICI.

Mr. DOMENICI. So let me just close by saying if you are looking for certitude, if you are looking for absolutes, if you are looking for guarantees, there are none. But I do believe that there is such a big risk to our children and our future of not doing something extraordinary when we know what we have been trying to do has not worked, it just appears to me the time is now. I hope we have a chance to write enabling legislation about this kind of amendment. I think it will be tough, but it will get done, and we will get a balanced budget by the year 2001 if we do that. If not, there is no doubt in my mind that we will not get there.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. Mr. President, I had committed to Senator DECONCINI. I know Senator NUNN would like to speak, but I indicated to Senator DECONCINI he could speak next. I yield 5 minutes to him.

Mr. WARNER. Mr. President, could I engage the managers in determining who might follow Senator DECONCINI? I have been waiting for about a half-hour for a period of 3 minutes. The Senator from Utah said that was all he could spare.

What time would that occur?

Mr. HATCH. Mr. President, I have 3 minutes to yield. I would be happy to work this out one way or the other.

Mr. SIMON. After Senator DECONCINI, the Senator can yield 3 minutes to Senator WARNER and then I will yield 7 minutes to Senator NUNN.

Mr. DECONCINI. Mr. President, I thank the Senator from Illinois, and I wish to again compliment the Senator for his leadership, and also the Senator from Utah, Senator HATCH, and, of course, my good friend and——

The PRESIDING OFFICER. If the Senator will yield for a moment, the Chair inquires how much time is being yielded to the Senator from Arizona?

Mr. SIMON. Five minutes.

The PRESIDING OFFICER. Five minutes.

Mr. DECONCINI. I thank the Senator from West Virginia, for whom I have the greatest respect. So often we are on the same side of issues, and I am glad he was on this side of the issue in 1982 when we passed it. I wish he was on this side of the issue this time because it would pass again if he was.

I am very disappointed because I have a bad feeling—that the votes are not here to pass this amendment. I regret that. It is through no fault of the Senator from Illinois, who has worked so hard, and the Senator from Utah and others who have worked so hard on this amendment.

I also want to say a particular thanks to Meg Wuebbels and Janis Long of my staff, who have worked so long, as well as the staff of Senator SIMON, Senator HATCH, and others.

Mr. President, we have heard so much debate here about how we do not need a constitutional amendment, Members saying let us just vote, get 51 votes and pass a balanced budget or reduce and eliminate the deficit in 5 years or 1 year.

But all of us who have served in this body and those who are new know that that just is not going to happen. It has not happened, and it is not going to happen. I wish I felt differently and felt optimistic that by not passing this amendment this body and this administration and the House would come back with a deficit reduction plan, that we were going to truly bring our budget to a zero deficit in 5 years. It is not going to happen, with or without health care reform.

Interest is going to continue to consume more and more of our budget. A slight increase in interest rates—and that is likely to happen—will result in soaring deficits once again. We have been fortunate. The lowest interest rates in 30 years have meant that we have had a lowered payment on the interest on the debt. Consequently, we are patting ourselves on the back today because, guess what, the deficit is only going to be $180 billion.

I stood on this floor, and I ridiculed President Reagan and his administration for offering a budget that had a deficit of $180 billion. And now we are saying is it a victory to have such a small deficit.

Well, at least it is in the right direction; it is down. This is because of a lot of reasons, including President Clinton's leadership and this Congress' willingness to pass a tough deficit reduction package.

This country's net interest will be over $200 billion this year. Interest payments are eight times higher than expenditures on education, 50 times higher than expenditures on job training, 55 times higher than expenditures on Head Start, and 140 times higher than expenditures on child immunizations.

It is time that we stop kidding ourselves that we are going to balance the budget. I have been asked by the press, "Well, why don't you just do the job, Senator, that you are sent to Washington to do?"

Well, I will tell you. We can all take some blame because there is not anybody in this body that has not voted for something that added to the deficit. We can probably all take some credit for voting for something that has cut the deficit. I have offered a number of bills, as have others. But the bottom line is that the deficit keeps growing, and the budget is not being balanced or coming close to being balanced.

So this evening we have an opportunity to vote for a constitutional amendment that will require us to do it. And you can pick the amendment apart, and you can pretend, "Gee, if it just had this in it, I would vote for it," or, "If it had that in it, I would vote for it." The reality is that there are not 67 people in this body who want to stand up and force upon the Congress of the United States and the President of the United States a requirement to balance the budget in the future, for all years after the year 2001. That is the lack of courage that we face today.

I am sorry to see that happen because this is a wonderful institution, and it is not the end of it because we cannot pass this amendment. But it is a very big disappointment to the American public and a disappointment to this Senator and those who have worked so hard for it. And with all the kidding we want to put on, the good face we want to put on here tonight, "Do not worry, we are going to do it," it just is not going to happen.

I thank the Senator from Illinois.

I thank the Senator from Georgia.

Mr. HATCH. I yield 3 minutes to the distinguished Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I ask unanimous consent that I might supplement my remarks given the short time.

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

Mr. WARNER. Mr. President, I thank the managers of this bill. I have listened with great interest to the arguments my colleagues have made, both

for and against a balanced budget amendment. And, Mr. President, while I have long been a cosponsor and supporter of this legislation, I must state that I have very serious reservations about the role defense monies will play in meeting the balanced budget targets.

I had earlier spoken on this issue and will include in my remarks today my deep concern about national defense, and the fact that, as drawn, this amendment, in my judgment, leaves out a very important area. The President should have discretion in situations short of the declaration of war or involvement of the Nation in hostilities. I therefore have offered an amendment to protect, in part, national defense requirements, and, while I am aware that I will not be allowed a vote on my amendment, I still feel strongly that the issue must be raised.

I am going to put in a chart showing that really, the last time we declared war was in World War II, yet we have engaged in many national security situations the world over since that time which should be addressed in any future amendment of this type.

Mr. President, in very plain language I am going to explain why this Senator is planning on supporting this amendment, although I am concerned about the national security aspects. I am hopeful that those will be taken care of by this body and the other body should this amendment become law.

There is an old maxim. "If it ain't broke, don't fix it." We have come to the conclusion that this budget process is broke, and it is in desperate need of being fixed. Who is to fix it? In the 15 years I have been privileged to serve here, my record reflects a voting pattern strongly against excessive spending. But the record is we have not fixed it. As a matter of fact, the last time we balanced the budget was 33 years ago, in 1969. So that does not give us any hope that this institution can come to grips with this situation.

I support this amendment because it sends a strong message across America that we want the people of the 50 States, the State legislatures, to address this. Three-fourths are required for ratification. And as that great national debate begins, it might send a message back to this institution and the other body to give us the backbone, on our own initiative, to address this question, so that we may not have to be faced with the eventuality of amending the Constitution of the United States.

That message must come from the 50 States, from the people themselves, their concerns being the voice through their respective State legislatures. If one by one those legislatures in mounting numbers affirm the need to have this amendment put to our Constitution, then the chances are that we will gain the rigidity of backbone to address this issue ourselves.

Mr. President, I ask unanimous consent that a copy of my statement from Friday, February 25, be inserted in the RECORD, as well as an editorial by James Schlesinger, which appeared in today's Washington Post. It is entitled "A Sure Way To Gut Defense" and sets forth more aptly than I can the dangers to the defense budget inherent in passage of this balanced budget amendment.

I thank the Chair.

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

A SURE WAY TO GUT DEFENSE

(By James Schlesinger)

Once again the balanced budget amendment is on the floor of the Senate. A residue of the budgetary sleight of hand of the '80s, it now appears slowly to be gathering strength—and might actually make it into the Constitution. If it does so, the consequences for America's international position will be predictable and dire. While its proponents may not acknowledge it—or perhaps even recognize it—the balanced budget amendment is an arrow pointed straight at the heart of America's defenses.

One must understand the grand design of the federal budget. Its structure is skewed toward protecting the so-called entitlements programs and against discretionary spending, the largest component of which is defense. Entitlements are enshrined in law, but even more importantly the political power of their beneficiaries makes them highly invulnerable, creating the right to receive income or compensatory payments from the federal government. Along with such obligations of law as interest on the public debt, the entitlements programs now constitute the bulk of federal spending. By contrast, discretionary spending, primarily defense, whose share has steadily shrunk over the decades, depends upon the annual appropriations process. One does not have to be clairvoyant to discern what inevitably would be squeezed in the event of a requirement to balance the budget annually.

Even in the 1980s and in the absence of the balanced budget amendment, as budget deficits rose to a higher level, defense spending became an early casualty. The Reagan administration was unable to achieve its intended defense buildup, projected to go to 9 percent of GNP, not because of a constitutional requirement to balance the budget but because of the pressure to limit the rising deficits. Defense spending reached its peak in real terms in fiscal year 1985. It has been declining ever since.

Without an effective mechanism to deal with the entitlement programs, the balanced budget amendment could only make the problem worse. The resistance to higher taxation or reduction of popular entitlement programs (particularly to compensate for an unanticipated budget shortfall) would still be there. Though the budget cutters would chop away at other discretionary spending, defense spending would unavoidably be the principal sufferer. Indeed, given the existing asymmetrical structure of the federal budget (in which all the pressures go in the same direction), a balanced budget requirement, if taken seriously, would install a veritable machine for the slashing of defense spending year after year. Given the many individuals who support—or profess to support—a strong national defense, I have been astonished that so many appear to be advocates of the balanced budget amendment, considering its dire consequences for our defense posture. Either they do not understand these consequences or, conceivably, they are just posturing.

Would not, as the proponents suggest, a constitutional requirement force us to bring entitlements spending under control? The prospect seems pretty dim—even before the new health care program is added to the entitlement mix. Take Social Security: Few were the elected officials prepared even to contemplate reining in the program. During the Reagan years we surely had ample time to Just Say No to the expansion of Social Security, but it was never proposed by the administration—nor were the other entitlement programs much threatened. There were many speeches, but when it came to action, fear took over.

In the '80s the chimera of the balanced budget amendment provided marvelous cover. Driven by the shrinkage of the tax base, the defense buildup and the surging costs of servicing the public debt, deficits exploded. The national debt quadrupled. That was the reality. But the talk of the balanced budget amendment provided the necessary solace: All ultimately would be cured—in the sweet by and by.

Fully to understand the gravity for defense of the proposed amendment, we must look not only at the future but at the consequences had it been with us in the past. Without deficit spending, the naval construction program of the late 1930s, which produced the carriers that turned the tide in the Pacific would have been impossible. To be sure, the balanced budget amendment does provide an exception for times of war. But war was not declared until Dec. 8, 1941. Virtually all the capital ships used in World War II had been laid down by that date—all the battleships, and all save seven of the Essex class carriers. None would have been available at the right time. Necessary equipment is not instantaneously produced—after the emergency has arrived. At Midway the United States had the Yorktown (commissioned in 1937), the Enterprise (1938) and the Hornet (1941).

Franklin D. Roosevelt could not have continued the strategy of finishing Germany off first. He would have had to turn his attention to the Pacific war. At the close of the war the Soviets would probably have been on the Rhine if not at the Atlantic itself. The whole postwar scene would have been depressingly altered had it not been for the wise and timely military expenditures prior to the war.

Putting aside World War II, the military balance in the postwar period would have been entirely different. The military buildup after the attack on Korea in 1950 might have been permitted. But we could not have maintained the level of military expenditures during much of the Cold War. The Reagan buildup in the 1980s would not have been possible. We could not have performed in the gulf in 1990–91 as we did.

Perhaps this nation will no longer require a Department of Defense beyond the year 2000. It would seem unwise to count on it. Why then imbed in the Constitution a mechanism that relentlessly propels us toward its dismantling? The same question applies elsewhere. Perhaps this nation will not require an intelligence community, the FBI, the Coast Guard, a nuclear weapons program etc. All would be under pressure—and the outcome would be either distressing or dangerous.

What we have here is a formula for unilateral disarmament—designed for ostensibly

"conservative" reasons. No true supporter of defense could logically vote for this amendment—in the absence of an ensured mechanism in place to control entitlement benefits. Yet it is indicative of the underlying weakness of the rationale for the amendment that no such mechanism could possibly pass. What we have is simply something based either on cynicism or hope—a shot in the dark that would ultimately turn into a boomerang. Many senators will vote for this amendment understanding the consequences but confident that it will lose. But if it wins, it is the best way to ensure the recessional of American power.

U.S. DECLARATIONS OF WAR

War	President's message	House action	Senate action	Onset of hostilities
War of 1812	June 1, 1812	June 4, 1812 (79–49)	June 17, 1812 (19–13)	United States forces invaded Canada in July 1812.
Mexican War	May 11, 1846	May 11, 1846 (174–14)	May 12, 1846 (40–2)	United States claimed hostilities began in April 1846 on United States territory. Two battles were fought north of Rio Grande on May 8–9, 1846. United States forces crossed Rio Grande into Mexico on May 17, 1846.
Spanish-American War	April 11, 1898	April 13, 1898 (325–19) (Conference report agreed to April 19, 1898).	April 16, 1898 (67–21)	United States Asiatic Squadron had been given orders in advance of the declaration of war to prepare for operations against the Philippines. Battle of Manila Bay was fought on May 1, 1898.
World War I	April 2, 1917	April 6, 1917 (373–50)	April 4, 1917 (82–6)	United States Naval units began convoy duties off Ireland on May 4, 1917. United States army units arrived in France on June 28, 1917 but did not enter the front lines until October 1917.
World War II	Dec. 8, 1941 (Japan)	Dec. 8, 1941 (388–1)	Dec. 8, 1941 (82–0)	Japan attacked Hawaii and the Philippines December 7, 1941.
		Dec. 11, 1941 (388–0; Germany), (399–0; Italy).	Dec. 11, 1941 (88–0; Germany), (90–0; Italy).	Naval incidents between United States destroyers and German U-boats had occurred in October 1941. United States forces landed in North Africa in November 1942.
	June 2, 1942 (Bulgaria, Hungary, and Rumania).			H.J. Resolutions (319, 320, and 321) declaring war against Bulgaria, Hungary, and Rumania enacted June 5, 1942.

[From the Congressional Record, Page 3165, Feb. 25, 1994]

The PRESIDING OFFICER. The Chair recognizes the Senator from Idaho [Mr. CRAIG].

Mr. CRAIG. Mr. President, I yield to the senior Senator from Virginia 10 minutes.

The PRESIDING OFFICER. The Senator from Virginia [Mr. WARNER], is recognized for up to 10 minutes.

Mr. WARNER. Mr. President, I thank the managers of the bill.

Mr. President, I am in somewhat of an awkward position in that I had hoped to submit this amendment yesterday. Unfortunately there was a unanimous-consent request of which I was not aware and I accept the responsibility for not having gotten the amendment in a timely manner. At an appropriate time in the course of this debate, I will try to prevail on the managers and, if necessary, the Senate as a whole to consider the wisdom of this amendment.

Mr. President, the balanced budget amendment, which I support, provides some flexibility with respect to Federal budgeting in time of war.

Section 5 of the proposed constitutional amendment says that: "The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect."

It also says that those provisions: "may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution."

In subsequent debate, I will point out the very few instances in which—certainly in recent history—this country has declared war, despite the numerous military engagements we have been involved in short of such a formal declaration of war. Lives and limbs and the dollars of our Nation can be spent in military engagements, and have been spent in military engagements many times, without the Congress of the United States declaring war.

That is the specific problem that I find with the underlying balanced budget amendment, which hopefully can be addressed with respect to my amendment.

I am concerned that providing budget flexibility only in the situation of war—that is, where actual conflict has already commenced—is too tight a restriction to serve the Nation's security interests. My amendment would provide wartime flexibility also during a national security emergency declared by either the President or the Congress.

Mr. President, there is a whole framework of laws that have grown up in this area describing what constitutes a national security emergency, and in subsequent debate I will specifically bring to my colleagues' attention those laws and what they are. My amendment tries to make this overall budget amendment, the constitutional amendment, comport with this recent body of law that has grown up here in recognition, Mr. President, of the fact that Congress does not declare wars as it did in times past.

If the balanced budget amendment provided budgeting flexibility only when a war had already commenced, as written, it would be just too late, I say most respectfully to the authors. Modern wars are high-tech, fast-moving, come-as-you-are affairs. In other words, we fight such wars, defend freedom and security, with what we have in our arsenals at the time that conflict arises, with the men and now the women that are in uniform and that are trained, and with the Guard and the Reserves, which are a very important adjunct to our overall national defense.

Once a war has begun, it is too late, with today's technology, to start building ships and planes and ordering the equipment that our brave men and women in uniform need.

We need to provide some budgeting flexibility there for period of tension or increased threat that may occur in the period before a war breaks out, which would assure that our Armed Forces could prepare and ready themselves to either fight the war or hopefully deter it.

And may I depart on that point?

Very often, our President recognizes the opportunity to deter war, to stop it before it starts, by declaring a national emergency, by augmenting our overall national security, be it calling up the Guard or Reserve, or ordering the materials beforehand, and letting that send a signal to deter that war before it starts.

I just simply say, in all due respect to the distinguished author and managers of the joint resolution, I think the balanced budget amendment is drawn too tightly, and it takes away from the Commander in Chief of the Armed Forces of the United States the opportunity to deter and take such steps that might avoid war, to give him the flexibility to do what he or she, as the case may be, thinks appropriate to deter, through diplomacy and other means, to protect American interest—again, a way to avoid a war as is written into this amendment.

Accordingly, I propose that the budget flexibility that applies under the balanced budget amendment in wartime also should apply in time of national security emergency. We do not, of course, want to simply delegate broad authority to a President to claim, as a matter of just a passing moment with him, that a situation is a national security emergency and thereby escape the fiscal discipline imposed by the balanced budget amendment.

We do not do that, I say to the distinguished author. My amendment would not do that.

My amendment would provide a mechanism that if the President declared a national security emergency for the purposes of the balanced budget amendment, and Congress were to disagree with that declaration, we could, by joint resolution, override the President's waiver for the balanced budget amendment. Thus my amendment includes a set of checks and balances.

In short, while I would give the President the authority to trigger the balanced budget amendment in the event of a national security emergency, my amendment reserves to the Congress the power to decide whether the balanced budget amendment would continue to apply during such period.

So, Mr. President, at the appropriate time, I will discuss this amendment with the managers and hope that I can have it considered by this body as part of this debate. I regret not having included it yesterday in the unanimous consent agreement.

I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois [Mr. SIMON].

Mr. SIMON. As the Senator knows, we have an agreement and it would take unanimous consent to permit the Warner amendment to be adopted.

I ask a page here if you could take this to Senator Warner.

This is from the GAO report of June 1992. This has obviously changed some, slightly. But if you will look at their projections from 1990 down, take a look at defense spending in 1990, 24 percent, you see the squeeze that takes place in defense down to 8 percent.

You know, when you talk about what is the threat to defense in the future, it is this growing cancer of interest, because we are just not being fiscally responsible.

I join Senator Warner in wanting a strong, adequate, mobile defense. I look forward to working with him. But I just wanted to point that out, because it is one of the realities that we have to face in the future.

Mr. WARNER. Mr. President, I thank the distinguished manager.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. I yield 7 minutes to the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia [Mr. NUNN] is recognized.

Mr. NUNN. Mr. President, I thank my friend from Illinois.

Mr. President, I rise today to announce my support for the Simon-Hatch-DeConcini-Craig constitutional balanced budget amendment.

I have also sponsored or cosponsored numerous statutory efforts to get our fiscal house in order. Such efforts include: the 1982 Johnston-Nunn-Exon amendment which would have moved the budget close to a balance in 1985 through a combination of budget cuts, revenue increases, and entitlement restraints including limitations on automatic COLA's—vote 21 to 70; the 1983 Johnston-Nunn-Exon-Boren-Proxmire amendment which would move the budget close to balance by 1988 through a combination of reducing the rate of spending in Medicare and other nonmeans tested entitlement programs, and reductions in COLA's—vote 13 to 83; the 1985 Chiles-Hollings amendment which would have moved the budget close to balance by 1990 primarily through a combination of spending cuts, reductions in tax entitlements, and a COLA delay—vote 35 to 63; various Federal spending freeze amendments, including the 1983 Hollings amendment, the 1984 Tsongas amendment, the 1987 Kassebaum-Boren amendment, the 1989 Hollings amendment, the 1991 Grassley-Helms amendment, and the 1993 Grassley amendment; and the 1992 and 1993 Nunn-Domenici amendment which would have limited the growth in non-Social Security entitlement programs and saved over $700 billion in 10 years—vote 28 to 66 and vote 47 to 51.

Unfortunately, as evidenced by our growing Federal debt, these efforts have been unsuccessful.

I agree with so much of what my friends from New Mexico said, and also identify very closely with the remarks my friend from Virginia just made, that I do not know if my remarks bear repeating because the Senator from New Mexico and I have worked together long and hard to try to come up with a 10-year plan that would indeed get the budget under control. And we have actually proposed that on the floor of the Senate. The first time we got 28 votes. The next time we got 47 votes.

The opposition then said we should not do that kind of thing: "Do not put any kind of lid on entitlement growth because we will not be able to do health care reform without it."

Now we see health care reform. And the question is how much more are we going to spend on health care reform than we are spending now? Not how much we are going to save because we have new entitlement programs coming faster and quicker and certainly more than the savings.

So I feel much like Winston Churchill must have felt when he said, "Democracy is the worst form of government, except for all the others." I think that is where we are today. I think the same thing can be said about this resolution. I believe amending the Constitution of the United States in this fashion is the worst method proposed to eliminate our persistent Federal deficits. But I do not think I can honestly tell the people that I represent that I am confident we can get our fiscal house in order any other way.

I would like to be able to, but I cannot. Given the absence of congressional or executive branch leadership—that is not just this administration, it goes back for years and years in previous administrations—to address the underlying issues which created and perpetuate this problem. And I think this blame lies equally to both political parties. I will vote for this measure because it appears to be the only way to force Congress and the executive branch to face up to the problem.

Will it work? Well, I certainly cannot be sure. I do not know whether anyone can be sure that it is going to work since there have always had to be, and still have to be, exemptions for emergencies. And the creative minds engaged in the legislative process will inevitably develop other loopholes. Conceivably, this body could be irresponsible enough to declare war on some small country and let the war declaration stay for the next 30 years. Then this amendment would not apply at all. I do not think that will happen.

But there are a lot of things that could happen. So I am not sure. But what I can say for sure is that so far nothing else has worked, and nothing else is on the horizon that appears to be able to work or even is seriously proposed.

I want to commend Senators SIMON, CRAIG, HATCH, and DECONCINI, as well as others, who have put forth this amendment. I particularly want to thank Senators DANFORTH, COHEN, and DOMENICI for putting forth the amendment which I believe will be incorporated which makes it absolutely clear that this is not going to turn over the fiscal problems of the Nation or the fiscal decisions of the Nation to the judicial branch.

I thank them for working with us on this matter. I also appreciate the managers' assurance that this amendment does not implicitly give the President a line-item veto or any additional impoundment authority beyond what has currently been provided by statute or which may be provided in the implementing legislation.

Mr. President, I agree with Senator BYRD, and he has made a very persuasive case, as good a case as anybody could make against this amendment. He said that this amendment does not reduce the Federal deficit by one thin dime. I say that the Senator from West Virginia is on the mark when he says that. This amendment is not self-implementing.

Congress currently has all the means at our disposal to enact a plan which would bring the Federal budget in balance. What we lack is the willpower to carry out the painful and necessary steps to make this goal a reality.

The question is not whether we can do it or not. The question is whether we will.

This balanced budget amendment may be the instrument that would finally give us that willpower and also have the American people back those decisions.

In all honesty, I must also say that the public needs to prepare itself, and I do not think the public is prepared at this point, to accept the fact that balancing the budget means cutting benefits and raising revenues, not just cutting wasteful programs, not just raising taxes on high-income Americans. What everyone would like to do is just cut out the waste and raise taxes on wealthy people.

There is not enough money there in either of those categories to even put a dent in the deficit. We have to reduce the growth rate of programs which are popular with the American middle class.

This conclusion is not based on political science. It is based on simple arithmetic. We have to do things to the programs that the middle class really like. We have to cut programs they really like.

That is the reason those programs are there. That is the reason they have so much support.

We can go after fraud, and we should. We can go after waste, and we should, and there is a lot of it there. But there is not going to be an identifiable amount that would even come close to balancing the budget.

Whether we pass this constitutional amendment or not, balancing the budget requires the spending cuts and revenue increases. And I might add at this point, I do not plan to vote for any new significant tax increases in this body as long as I am here until we have done something about the growth of entitlement programs. That was the reason I voted against the President's budget last fall, not because what was in it but what was not in it. What was not in it was any kind of meaningful restraint on the growth of entitlement programs in the future.

Mr. President, when I hear people that I respect, and I do respect many people who oppose this amendment, say that we cannot do it, we cannot pass this because it would wreck the safety net, we cannot do it because it

would raise taxes, because it would wreck the economy, because it would cut defense, because it would wreck our national security, what they are really saying is we cannot ever balance the budget because it is too hard.

To me that is giving up. It is giving up not simply on our fiscal matters but giving up on our children's and grandchildren's future in this country.

As to defense cuts, it is certainly true, as my good friend Jim Schlesinger points out in the paper this morning, and I read his testimony before Senator BYRD's committee, and I have immense respect for him. He points out if we pass the balanced budget amendment and if we implement it by repeating our pattern of exempting entitlement programs, which are over 50 percent of the budget, then defense will be badly hurt.

That is true, if you take the assumption as being true. The argument is based on the assumption that we will continue to do business as usual. I will fight against this assumption whether or not this amendment passes. I have a little different line of reasoning. Those of us who believe that defense must remain strong must make this case every year with or without this amendment.

I believe that if we are not prepared to come to grips with the balanced budget over the next 10 years we will shortly but surely bleed the defense and domestic discretionary programs without doing anything significant about our fiscal balance.

I agree with those who say we do not need a constitutional amendment to balance the budget. But all the serious efforts we have enacted to get the deficit under control by statutory means—some of which I have already mentioned—have one thing in common. They never include serious entitlement restraints.

Since the last time this body voted on a balanced budget amendment 8 years ago, the Federal debt has more than doubled, Mr. President. That is after all the Gramm-Rudmans and budget summits. So while it is true that the statutory approach can theoretically deal with the deficit, I think anyone would have to admit that our track record with relying on statutes alone is not all that impressive.

In fact, Mr. President, one symptom of just how out of control the deficit has gotten is that some of my colleagues are now ready to declare victory over the deficit because it is projected to actually fall below the $200 billion a year level for a few years before it heads back up into the stratosphere in the late 1990's.

I would also like to remind my colleagues that even balancing the total budget, as this amendment would require, is really not enough. Even if we bring the total budget into balance, that still includes the massive amounts we will be borrowing from the Social Security trust fund that will have to be paid back. Twenty-one years from now, in 2015 we will owe that trust fund over $4.4 trillion, Mr. President. I ask unanimous consent to print in the RECORD a page from the CSIS Strengthening of America report which highlights this growing problem.

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

FIGURE 17—SOCIAL SECURITY TRUST FUNDS

[In billions of dollars][1]

Calendar year	Non-interest income[2]	Interest[3]	Total income	Outgo[4]	Surplus/deficit[5]	Accumulated balance[6]
1992	313.4	25.0	338.4	291.4	47.0	327.8
1993	335.3	27.7	363.0	307.2	55.8	383.6
1994	356.5	30.5	387.3	324.4	62.9	446.5
1995	377.6	34.4	412.0	342.5	69.4	515.9
1996	402.1	38.5	440.8	383.0	77.8	593.7
1997	426.8	43.5	470.3	384.4	85.9	679.6
1998	453.6	49.0	502.6	407.1	95.5	778.1
1999	482.2	55.0	537.2	431.4	105.5	880.9
2000	512.5	61.7	574.4	457.3	117.1	995.0
2001	544.8	69.1	614.0	454.9	129.1	1,127.1
2005	689.0	105.1	794.1	610.1	184.0	1,776.4
2010	917.3	172.0	1,089.3	836.1	253.2	2,915.6
2015[7]	1,206.2	254.0	1,460.2	1,194.1	265.1	4,256.1
2020	1,568.0	323.5	1,691.5	1,724.6	167.0	5,341.0
2025	2,027.5	341.6	2,369.1	2,434.4	−65.3	5,534.6
2030	2,622.7	266.3	2,889.0	3,320.4	−431.4	4,156.9
2035	3,401.1	57.4	3,458.5	4,354.8	−926.3	564.9

[1] Projections are from the 1992 Trustees' Report using intermediate (alt. 2) economic and demographic assumptions, including assumed inflation of 4.0%. and real economic growth of between 2 and 3 percent initially and 1.8 percent ultimately.

[2] Non-interest income is primarily payroll taxes and income taxes collected on Social Security benefits.

[3] The trust funds earn interest on the Treasury securities purchased with the accumulated trust fund balances.

[4] Outgo is primarily Social Security benefits and administrative expenses.

[5] Total income minus total outgo in the year.

[6] The trust funds are projected to be depleted in 2036.

[7] After the year 2015, payroll tax revenues of the work force will no longer cover Social Security benefits to eligible retirees.

Source: Senate Budget Committee, Minority Staff.

Mr. NUNN. And when that time comes, Mr. President, there is simply no way that the work force will be able to pay the taxes needed to repay all that debt if we have not set aside surpluses beforehand. Today there are three workers for every retired Social Security beneficiary. But when the $4.4 trillion bill begins to come due, there will only be two workers for each retiree.

So over the long term, Mr. President, a balanced budget makes sense. But in the particular situation we know we are going to face over the next 50 years with the aging of the baby boom generation, it is only the first step. Our goal should be to balance the budget within the next 10 years without using the Social Security surplus.

This amendment is designed to maximize the pressure on Congress to act responsibly and take the first step. What it fails to guarantee is how we will act. All of us in this body realize that there is only one formula to reduce the deficit in a responsible fashion. That combination is: First, to restrain the runaway growth of entitlement programs, which constitute over half of the Federal budget; second, to control spending in discretionary accounts including but not limited to defense, and third, to raise revenues in a fair way and also in a way that rewards savings and investment rather than consumption.

The balanced budget amendment before us does not, and cannot, enact a single piece of this formula. To enshrine one single formula for balancing the budget in the Constitution, so that it would apply in all future situations, would clearly be inappropriate. And it is not possible to vote on a statutory approach to implement this resolution at the same time as part of this legislation, because if ratified this resolution is sent to the States, not to the President for his signature.

If this resolution passes the Congress and is sent to the States, our challenge here in Congress will be proceed to debate and enact the implementing legislation that will set the priorities and spell out the enforcement procedures. I caution my colleagues that if this resolution fails to get the required two-thirds majority, this same responsibility still remains with Congress.

If this resolution fails and we use that as an excuse to ignore the deficit

issue, we merely increase the likelihood that this amendment will pass the next time it is considered. The longer we wait, Mr. President, the more difficult it will be to balance the budget. I am hopeful that whatever the outcome of this vote, the Congress, both those who are ardent supporters of the amendment, and those who claim it is not necessary, will finally get down to enacting a plan to balance the budget by putting everything on the table, as I outlined above.

Mr. President, no plan to balance the budget can succeed unless it brings entitlements under control—that is No. 1. I will not support any new significant tax increases unless and until we have actually brung entitlements under control. Until we do, trying to increase revenues will not solve the problem. Pouring more money into the same broken system will not balance the budget, it will only increase the public's disillusionment and make it that much harder to get public support for taking the hard steps required.

The PRESIDING OFFICER (Ms. MIKULSKI). The Senator's time has expired.

Mr. NUNN. I appreciate the timely notice and appreciate the Chair letting me finish my statement.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Madam President, I yield 5 minutes to my distinguished colleague from West Virginia [Mr. ROCKEFELLER].

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

Mr. ROCKEFELLER. Madam President, I thank the distinguished senior Senator from West Virginia. He is doing this Nation a great service.

Madam President, the proposed balanced budget amendment to the U.S. Constitution is misnamed because the amendment is neither about budgets nor about balance. It is about politics, posturing, and evasion of responsibility.

You might think that the proposed balanced budget amendment is about reducing deficits, but in fact, it is yet another way to avoid and delay responsibility for making the tough choices that actually reduce deficits and debts.

Once again, I will vote against the proposal before this body based on the view that it is a dangerous, unacceptable, and unworkable approach to reduce the Federal deficit. I will also vote against Senator REID's more reasoned alternative, because it shares many of the same flaws and dangers that argue against the Simon legislation.

It astounds me that so many of my colleagues feel we have to saddle the U.S. Constitution with the job that we—the Congress—were elected to carry out. We have no business ducking that responsibility or trying to pass the buck. We already have the power, the tools, and the knowledge to continue cutting the deficit and getting our fiscal house in order.

Indeed, some of us participated with President Clinton last year in taking historic action to cut the Federal deficit by almost $500 billion over a 5-year period. On August 6, 1993, exactly 50 Senators—half this body—voted for a major legislative package with actual budget cuts and revenues to shrink the deficit. It was not an easy process, nor was it a simple vote to cast. But I voted for that economic and budget package because it steered the country into a future of more fiscal order, shared responsibility, and economic renewal.

And sure enough, we have been dramatic results in the deficit and our economy because of this action.

For starters, the Congressional Budget Office just reported that they have adjusted their forecast of the deficit—saying it will drop by $126 billion in this fiscal year alone because of the budget package some of us actually worked on and voted for. The predicted deficit for 1996 is set to shrink to under $170 billion—significantly less than what it would be if the other 50 of us had dodged our responsibility last year. And President Clinton just submitted a detailed budget plan for fiscal year 1995 to live up to our promise of cuts in wasteful and unnecessary Government spending to meet that deficit-reduction target. Painful, real decisions await us to stay on this course, and I will do everything I can to ensure that we make the right choices for West Virginians and all Americans.

Consider the results of voting for real cuts and budget choices. Over the past year, interest rates dropped to record lows, economic growth increased, jobs expanded, and business investment went up. All of this is clear evidence that making real choices and resetting priorities, using the tools we already have, are the responsible, rational way to lowering the deficit.

Instead, the proponents of a constitutional amendment want to put all of our energy into putting new rules and procedures on the books for enacting budgets—and then tying up the courts in even more knots to force us to do our job. In this amendment, the authors are asking us to strap on an economic straitjacket and to throw away the steering wheel as we hurl toward the finishing line.

In the real world, agreeing to this amendment would mean going on a reckless course of forcing at least $600 billion of more cuts and tax increases in the next 5 or so years. For West Virginians, according to the Treasury Department, that would mean slapping on a tax increase of approximately $412 million per year on the citizens of my State. Or put even more bluntly, each taxpayer in West Virginia could be hit with a tax increase of at least $546 per year. It would mean serious, harmful cuts in Social Security benefits, Medicare health care benefits, Medicaid funds for my State, and would probably lead to massive cuts in programs that are essential to West Virginia's economy and future jobs—ranging from the Appalachian Regional Commission, to highway funds, to support for our schools, to investments in science, research, and technology.

Passing this constitutional amendment would push health care reform right off the road. Again, we were elected to set priorities and respond to the urgent needs of Americans. That is precisely why consensus has formed that it is time to act on the health care crisis. Comprehensive reform that will achieve universal coverage and control costs is fundamental to our future as a society and to our economy. We can't sustain the explosion of health care costs that are saddling the Federal budget, State government budgets, businesses, and America's families and senior citizens.

But if we approve this balanced budget amendment, we would strap ourselves in a collision course ride that would destroy health care reform. Virtually all of the major health care plans before Congress—the President's and alternatives—rely on savings in the Medicare and Medicaid programs to help finance the fundamental goals of reform. In the case of the President's plan, the intent is to translate savings into desperately needed coverage of long-term care services and prescription drugs for senior citizens.

A constitutional balanced budget amendment would force us to abandon this pledge to repair our health care system. Its flight pattern for deficit reduction would crowd out our ability to come through on health care reform. Medicare and Medicaid savings are absolutely essential to a health care reform plan that fulfills the goals of universal coverage, cost containment, and quality for all Americans—if those savings are wiped out by the balanced budget amendment, it would mean abandoning health care reform or coming up with massive new tax increases to make up the difference.

As chairman of the Senate Veterans' Affairs Committee, I have paid particular attention to the consequences of a constitutional balanced budget amendment on our Nation's veterans. We are talking about the brave men and women who endured tremendous sacrifices to keep this country strong. They were promised certain benefits and assistance by their country. This amendment would renege on that promise.

The VA estimates that this amendment would force cuts totaling $4.3 billion a year—$2.3 billion in entitlements such as compensation for disabled vet-

erans and another $2 billion in discretionary programs like job training, some basic health care, and the fight to overcome homelessness among veterans. Again, this is unacceptable. We cannot relinquish our commitment to America's veterans.

I say that this amendment is not about balance because the consequences of the proposed amendment would be ruinous for the balance of our economy, ruinous for the checks and balances in our Constitution, and ruinous for the fair balancing of the burdens and benefits of American life.

First, let's talk about economics. I say that this amendment is not about reducing deficits because the amendment would either be evaded, in which case it is merely more political talk, or it would create economic chaos, in which case balance and reduced deficits would be lost in economic collapse. Business profits, growth, and jobs would be lost.

Mechanically slashing expenditures and raising taxes as the economy slips into a recession would throw the economy into a depression. What needs to be balanced is the overall economy. The Federal budget acts as a balance wheel, a function it could not perform if it were locked in one position.

While budgetary balance over time is desirable, the amendment's requirement of matching receipts and revenues in every year is suicidal and has no support in economic theory.

Of course, the present deficits are too high. They need to be cut. It might seem tempting to think that the cutting could be done according to a simple formula written into the Constitution, but it can't. It requires skilled and tough leadership to avoid deficits to begin with and to get us out from under those that have been created, without wrecking the economy.

We hear repeatedly that because the States have balanced budget constitutional provisions a Federal amendment is justified. That is false. As a former Governor, I have some expertise in this issue. The provisions in State laws and constitutions provide explicitly for exceptions, often for capital spending. The chief amendment before us today—the Simon proposal—would not allow borrowing for capital spending. Yet such borrowing is a matter of everyday experience and sound business practice for industry making new investments or for individuals buying a home or taking out a college loan.

The State constitutional provisions also are often circumvented through accounting gimmicks. Ironically, under the proposed amendment, a likely gimmick is the unloading of Federal financial responsibilities on the already hard-pressed State governments. In plain English, that means passing on other unfunded mandates to the States to pick up the pieces.

In addition to wrecking the balance of our economy, the so-called balanced budget amendment would wreck the checks and balances of our constitutional system. The amendment could tempt the Executive to claim powers of impoundment and line-item veto that would take the power of the purse from the legislative representatives of the people where historically the power of the purse has been lodged. The amendment would draw the courts into political conflict over the economy and would entangle economic policy in a nightmare of litigation.

The disastrous impact of the amendment on Americans from all walks of life can be seen from the fact that it will kill health care reform. Health reform is a major priority of the American people and is necessary for deficit reduction. But it is impossible to have both health reform and the reckless approach to deficit reduction contained in the proposed constitutional amendment. The amendment's approach will prevent health reform by preempting the funding sources needed for reform. The result will be no health reform, and without reform, large cuts in the current Medicare and Medicaid programs would harm beneficiaries.

How can it be that a proposed constitutional amendment so thoroughly flawed could have made it to the floor of the U.S. Senate and is given a chance to be passed and ratified?

It is here because of the powerful engine of political expediency and it is here as a disguise for a hidden agenda.

The political expediency is a result of too many people who created or cooperated with enormous deficits wanting cover. As the Reagan administration was running up phenomenal deficits, they were telling people that deficits didn't matter. Former Congressman Kemp, then leading the charge for tax changes that caused a shift to the wealthy in the 1980's, said, to use his words, that his party no longer worshiped at the altar of a balanced budget.

They sure haven't. They shifted the tax burdens to the middle class and pushed tax cuts for the wealthy that opened huge deficits. On the one hand they said deficits didn't matter. On the other hand, they began very early to support a constitutional amendment in case people thought they should be doing something. As if they had nothing to do with the deficits. As if the deficits were someone else's responsibility.

The search by some for political cover in an unworkable and damaging proposal to deform the Constitution is one reason why we are dealing with this amendment. The other reason is the hidden agenda of many of the amendment's supporters.

For some supporters, the agenda does not even appear to be to reduce deficits. The agenda is to kill programs that the amendment's sponsors don't like. Instead of coming out and saying you are for drastically cutting Medicare, or Social Security, or veterans' benefits, you say you are for balancing the budget. Those programs have public support. Those programs are too popular to attack directly, so you use the balanced budget dodge. Of course, all urgently needed funding is threatened. Those who are not concerned about indiscriminate attacks on retirement or health benefits might consider the threat the amendment poses for national security. Urgent defense spending short of war would be held hostage to minority vetoes.

Whatever the hidden agenda is, it is not an attempt to achieve balance. Last year, when President Clinton and some of us were trying to achieve balance by asking the most wealthy Americans to pay their fair share to redress the unfairness of the last decade, that was not acceptable for the supporters of the hidden agenda. The rhetoric of balance is used to squeeze the middle class, so well off special interests can maintain their advantages.

The squeeze on the middle class in the last decade was part of an indiscriminate attack on Government that led to destruction of necessary functions along with rhetoric about cutting the unnecessary. It was an attack which went far toward crippling the ability of the American people to grapple with great problems of our Nation, from the violence-torn streets of cities like Los Angeles, to the health care crisis destroying family budgets in every city and town in the country, to the need to restore the competitive position of American business in world markets.

Now we must restore Government's ability to address these problems but at the same time restore fiscal discipline and a balanced economy. Those are not things we can get, however, by inserting a rigid formula in the Constitution. What we need is continued leadership such as we had in passing the economic and budget plan last year so we can maintain and strengthen what is good and discard what is wasteful or inessential.

The answer to the deficits is not blind shots at the budget or putting everything on an automatic pilot that is going to crash the plane. We have to make decisions that are right for the programs and people affected. We were elected to make informed decisions, not reckless ones. Each major entitlement program is different, and we should treat them differently. Just like each defense program has a separate mission, history, and set of circumstances. No one suggests cutting 10 percent off the top of each of them, so none of our weapons systems will operate properly. We need to take each program on its own and deal with its unique problems and objectives. That's called governing. That's what we're elected to do.

It is important to see this debate in the perspective of historical experience. During the Constitutional Convention, Southern States pushed for a provision in the Constitution requiring a two-thirds majority of both Houses for enactment of laws regulating and taxing trade. The proponents were States that grew staples for international markets. The proposal was rejected in the Convention. Regional and party attitudes about trade have changed more than once in the two ensuing centuries. Republicans supported high tariffs in the 19th century but have usually advocated free trade in recent decades.

The explicit refusal of the Founders to write free-trade policy into the Constitution was part of the broader refusal to write overall economic policy into the Constitution. Referring to Alexander Hamilton's economic program for the economy during the Washington administration, the historian Forrest McDonald explains this point: "The Constitution was the rule book for government, the Hamiltonian system for the economy." The Founders declined to put the future policy of the Nation in a straitjacket that would prevent the country from dealing with future crises. The vast economic changes that have occurred in the ensuing centuries are proof of the wisdom of the Founders.

In contrast with the wisdom of the Founders that left their posterity the flexibility to deal with future crises, we have today on the floor of the U.S. Senate a very unwise proposal to rigidly bind our posterity for all time because of the confusion created by a dozen years of economic mismanagement. Last year, a distinguished retiring Republican Member of the House with misgivings about the proposed amendment commented that most of his colleagues are "quite enthusiastic, all for political reasons. They just think it's a great political issue." A principal proponent of the amendment in the House said, "I don't quarrel with those who say it's a bad idea because they could be right." Mr. President, we should not tolerate cavalier gambling with constitutional change or radical amendment proposals sought for political gain. The Constitution is a great legacy of freedom handed down across the generations and Members of Congress should lay their hands on the great document only with fear and trembling.

If this amendment passes, I have no doubt that in years not far off, its passage will be condemned. If this amendment fails, I expect that later generations will be puzzled at how it got this far. Either way, I expect the question will be asked as to how sentiment grew so strong in the 103d Congress to trash the work of the Founders.

As I have suggested, the answer has to do with a search for political cover and with relentless pursuit of a political agenda bent on destroying popular government programs, not with reducing the deficit.

This is not really a debate about deficits or balanced budgets but about the direction this country should take. The Government was deadlocked on this debate for a dozen years. Efforts were made over decades to create a better America by working simultaneously for a growing economy and for a secure and just society. The fruits of those efforts included one of the great highway systems of the world, the best scientific research community on earth, a safety net for the elderly, veterans benefits for those who served our Nation in war, nutrition programs and a Head Start for the kids, our lifeline to the future of the American ideal, and much more.

Then there came to Washington some people who said that little of this was needed; it could be dismantled. For a dozen years we had an experiment in dismantling but the experiment failed because the American people would not tolerate it. But the willingness to encourage huge deficits created a sense of crisis.

The crisis can be resolved two ways. It can be resolved by throwing in the towel and saying that the dismantlers can have their way after all and dismantle Social Security, dismantle Medicare, slash veterans benefits and on and on. Or the crisis can be resolved by carefully deciding what the American people want, and what they are willing to pay for, and who should fairly pay for it.

The budget crisis can be resolved by choosing a future for America that discards the Constitution of the Founders and our traditions of opportunity and a fair deal or by choosing a future for America that is in keeping with our traditions. That latter approach is that I am urging and the one I believe the public chose a year ago when it elected this administration.

Here in the Senate, some have tried to argue that the flawed budget policies of the 1980's call for radical surgery on the Constitution. But a dozen—year political episode in the long history of the United States is no justification for this misguided proposed amendment. The amendment would quite simply make things worse. It would unbalance the economy, cost tens of millions of jobs, and strangle health reform in its crib.

Finally, I want to pay tribute to West Virginia's senior Senator, ROBERT C. BYRD, and this body's President pro tempore. Once again, he held up a beacon of truth and wisdom that gradually got through. It shed light on the dangers of succumbing to the notion that we have to resort to the Constitution to fulfill our responsibilities. The people of my State and the country he cherishes owe Senator BYRD an eternal debt of gratitude for his persistence, convictions, and patriotism in working so hard to defeat this legislation.

The proposed amendment should be rejected as a false promise of economic salvation that will produce the opposite of what is promised. With leadership and a public demand for action, the strength of this country can and will be restored. That restoration will not be possible under a Constitution distorted so that its authors would be unable to recognize it, but only under the Constitution as it was written.

I thank my senior colleague and I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, How much time do I have remaining?

The PRESIDING OFFICER. The distinguished Senator from West Virginia has 10 minutes and 10 seconds.

Mr. BYRD. I had been hoping that I could get Senator MOYNIHAN at this point.

I wonder if any one of my colleagues on the other side of the question would speak now so we could give Senator MOYNIHAN a few additional minutes to get here.

Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The distinguished Senator from West Virginia has reserved his time, which is 8 minutes and 47 seconds. The Senator from Illinois controls 9 minutes and 30 seconds and the Senator from Utah controls 10 minutes. If no one seeks time, it will be deducted proportionately.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. I yield 5 minutes to the distinguished Senator from Idaho.

The PRESIDING OFFICER. The distinguished Senator from Idaho is recognized.

Mr. CRAIG. Madam President, as we begin to wind down what I believe to have been a very important debate on the floor of the U.S. Senate over the course of the last 4 days, let me thank my colleague from Illinois, Senator SIMON, and my colleague, Senator HATCH from Utah, for their leadership on this issue in working on what is without question a very profound and important approach to resolving the budgetary and fiscal crisis that our Nation is in.

I, for over 8 years in the U.S. House of Representatives, worked on this issue. When I came to the Senate 2½ years ago, I was privileged to join these colleagues in this effort.

Behind me is Senate Joint Resolution 41, a very clear and constitutionally precise document that sets in motion a process that will bring this Congress to the kind of fiscal reality and courage that it has failed to demonstrate for now over 30 years.

There have been a lot of things said, both pro and con, about this amendment and what it will or it will not yield. But there is one thing that is clearly profound about what we debate and what we debate is the tragic and progressive demise of a once wealthy and great Nation. And yet we still have Senators who will stand on this floor tonight and say that we must protect and guard with all our conscience and with all our energies the remnants of a once wealthy and great society—the largess, the profligate nature of a government who could give and give and give in a humanitarian and just way, but in doing so they failed greatly. And the reason they failed is because they failed to pay their bills.

That is the whole text of the debate; that there are a majority of U.S. Senators who recognize that failure and are with every energy they have attempting now to address in a most important and dramatic way.

You have heard the Senators from Georgia and New Mexico tonight say, we do not know if Senate Joint Resolution 41 will work, but we do know that what we are doing is not working. We are going to hear from the majority leader tonight, stand on the floor and say, "We must not. We will destroy."

Madam President, a $200 billion deficit and a $4.5 trillion debt and a $17,000 debt per citizen in this country is the most destructive action that is well underway today, and there is no mechanism in place, none whatsoever, to stop it, to slow it down, to terminate it.

Our President will come to the Hill and, with reasonable pride, suggest that his administration is bringing the deficits down. Now he has hit on some good luck and some good times. He had a Federal Reserve Chairman that brought interest rates to an all-time low within the last two decades. He convinced a Congress to raise the largest amount of taxes in the history of our country in one single vote.

And yet, by his own calculations, his deficit, by 1996, begins to climb to an all-time high and he offers no solution. His own Office of Management and Budget projects that the child born in 1994 will pay 80-plus percent of his or her gross pay in taxes.

And yet, this administration and Senators on this floor will stand tonight and oppose an alternative that has been well over a decade in the making, that has built over 3,000 pages of legislative history and that, without question, is an approach that forces this Congress, for the first time in its constitutional existence, to recognize the responsibility of a pay-as-you-go government.

That is the issue. That is the charge. And that is the question.

I hope tonight that 66 Senators will join with me in sending to the citizens of this country a constitutional amendment to balance the Federal budget.

Madam President, I rise in support of Senate Joint Resolution 41, the bipartisan, bicameral, consensus balanced budget amendment to the Constitution.

I want to begin by commending the leadership on this issue of the chairman of the Judiciary Subcommittee on the Constitution, the senior Senator from Illinois [Mr. SIMON]. He has been determined, hardworking, and thorough. The ranking Republican member of the Judiciary Committee, the Senator from Utah [Mr. HATCH], the former ranking member, the Senator from South Carolina [Mr. THURMOND], and the Senator from Arizona [Mr. DECONCINI] have all been leaders in this movement for many years. They deserve recognition and appreciation.

THIS IS THE VOTE THAT COUNTS; DO WE TRUST THE PEOPLE?

We now have one balanced budget amendment before us. No matter how any of my colleagues may have voted on the Reid amendment earlier, your constituents will understand, and I know you will understand:

Vote no, and you kill the only chance for an amendment, here and now.

Vote yes, and you will begin one of the great debates of our age. This amendment will go the House of Representatives, and from there to every State capital. That's what this vote is really about—engaging the American people in the most sweeping public debate about the appropriate size, scope, and role of the Federal Government since the original Bill of Rights was sent to the States by the first Congress.

The question is clear: do we trust the people with that debate? This Senator does. That's why we have the process of amending the Constitution—because the Constitution is the people's law, not the government's law, and because the people have a right to take part in such a momentous debate.

FUNDAMENTAL RIGHTS, LIMITS ON GOVERNMENT

Before I start responding to points made in debate over the last few days, I want to refocus us on why we are here considering this amendment, in the first place.

A constitution is a document that enumerates and limits the powers of the government to protect the basic rights of the people. Within that framework, it sets forth just enough procedures to safeguard its essential operations. It deals with the most fundamental responsibilities of the government and the broadest principles of governance.

Our balanced budget amendment Senate Joint Resolution 41, fits squarely within that constitutional tradition.

The case for the balanced budget amendment can be summed up as follows:

> The ability of the federal government to borrow money from future generations involves decisions of such magnitude that they should not be left to the judgments of transient majorities.

The right at stake is the right of the people—today and in future generations—to be protected from the burdens and harms created when a profligate government amasses an intolerable debt.

The framers of the Constitution recognized that fundamental right. I return once more to the words of Thomas Jefferson, who explicitly elevated balanced budgets to this level of morality and fundamental rights when he said:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.

Woodrow Wilson said, "Money being spent without new taxation . . . is as bad as taxation without representation."

Madam President, deficit spending is taxation without representation. Americans are told that deficits are Uncle Sam's way of giving them a free lunch, providing $1.18 worth of government for just $1.00 in taxes. In reality, taking gross interest into account, the government has to spend $1.19 for every $1.00 of benefits, goods, services, and overhead in the budget.

ECONOMIC, INTERGENERATIONAL HARMS OF DEFICITS, DEBT

Deficits are really the cruelest tax of all, since they never stop taking the taxpayers' money. Americans are paying now, with a sluggish economy, for the Government's past addiction to debt. According to the Federal Reserve Bank of New York, the deficits of the 1980's already have depressed our standard of living by 5 percent. Unless things change, the next generation will pay even more dearly.

In 1992, the nonpartisan General Accounting Office issued its report, "Budget Policy: Prompt Action Necessary to Avert Long-Term Damage to the Economy." At that time, GAO projected that failure to take action on the deficit and the growing debt would produce a stagnant—even slightly declining—standard of living for Americans in the year 2020. In contrast, GAO said that simply balancing the Federal budget by 2001, and keeping it balanced, would raise our children's standard of living by 36 percent.

GAO and the Congressional Budget Office now project lower deficits, as a result of their scoring of last year's budget plan. However, the intermediate- and long-term deficit outlook has done no better then decline from cataclysmic to intolerable.

The current CBO baseline looks a great deal like the muddling through scenario in GAO's report, in which the deficit is held to 3 percent of gross domestic product. CBO projects deficits

declining some—to $166 billion in fiscal year 1996. Then they shoot back up.

Under this muddling through scenario, our children's standard of living in 2020 would be 7 percent lower and the Federal debt would be 3 times larger than if the budget is balanced by 2001.

Our national economic policy should not be one of muddling through.

Even that scenario is based on somewhat optimistic assumptions.

Interest rates are now at a 30-year low. If they bounce back upward just a little, the cost of interest payments on the debt will explode. Also, CBO does not include any possibility of a recession in its next 10 years of projections.

So, we must keep in mind that small changes for the worse in our economic picture over the next few years will make the deficit picture far worse.

The President's own fiscal year 1995 budget, in its "Analytical Perspectives" volumes, projects that future generations will pay as much as 82 percent of their lifetime incomes in taxes, under the current policies of borrow-and-spend.

Today, Federal budget deficits are the single biggest threat to our economic security. The Federal debt now totals $4.5 trillion, or about $18,000 for every man, woman, and child in America, and is growing.

As deficits grow, as the national debt mounts, so do the interest payments made to service that debt. Besides crowding out other fiscal priorities, these amount to a highly regressive transfer of wealth, At least 17 percent of these payments go overseas.

In fact, interest payments to wealthy foreigners make up the largest foreign aid program in history. According to the President's budget, in 1993, the U.S. Government sent $41 billion overseas in interest payments. That's almost exactly twice as much as all spending on actual international programs, including foreign aid and operating our embassies abroad, which totalled $20.6 billion.

Annual gross interest on the debt now runs about $300 billion, making it now the second largest item of Federal spending, and equal to almost 60 percent of all personal income taxes.

In fact, if no Federal debt ever had been accumulated in the first place, the government would run a $286 billion surplus over the 1995–99 period.

THE FRAMERS' ASSUMPTIONS

The Framers thought that the limited size and enumerated powers of government, the limits on the money supply created by a gold standard, the moral imperative of the "unwritten constitution," and the House's exclusive power to originate bills raising revenue all would protect this right. Jefferson would have preferred to put this protection in the Constitution. But others at the time viewed the idea that a restraint on indebtedness would be needed as being beyond belief.

Times have changed, as have the nature of government, monetary policy, and politics. The original constraints that protected the people from a profligate government, all of which had "constitutional" status, have all but dissolved. It is now about 60 years past time to replace them.

POLITICAL WILL

Critics of the balanced budget amendment argue that all we need is the political will, the leadership to balance the budget. That argument ignores the reality that the way the Federal Government makes its economic and political decisions has changed fundamentally over the last two generations.

The system is broken. The Government has spent more than it has taken in for 55 of the last 63 years. The budget was last balanced in 1969, and in 1960 before that. We are not talking here about some short-term failure of will that was cured with the last election or will be cured with the next one.

The impetus to borrow and spend has become a structural one in our system of government. It is a constitution-class crisis that demands a constitution-class solution.

NOT NARROW POLICY, BUT PERFECTING DEMOCRACY

The balanced budget is not narrow economic or fiscal policy. It is a structural, systemic change that would help perfect representative democracy.

Over the last two generations, the political and budget processes have evolved in such a way that virtually all of the political rewards are for spending more and borrowing more. Narrow, highly organized, interest groups mobilize to reward spending increases for specific constituencies. The more general, public interest in restraining the size and fiscal appetite of Government has been put at a systematic disadvantage.

The only way to put the general public interest back on a level playing field with the special interests is to make it harder to borrow and spend.

That is what our amendment does. For the first time, it creates accountability by requiring that deficits occur only when Members of Congress cast an identifiable vote to run a deficit.

By providing for accountability and by restoring to the general public interest a stronger representative voice, our amendment actually perfects our democratic process.

The essence of this reform is that we finally restore the principle that the Government should grow no larger than the people are willing to pay for and we should pay for all the government we demand.

A new public opinion survey, just taken, is consistent with all past polls. This Penn-Schoen survey found that 67 percent of Americans favor our amendment, while 18 percent oppose. That is almost a 4 to 1 margin.

When asked how likely would you be to support a candidate for Congress who supports a balanced budget amendment, registered voters responded positively by 72 percent to 13 percent—more than a 5 to 1 margin.

It is often said that Congress underestimates the wisdom of the people. Well, the people have spoken once again, and it's time for Senators to realize that, today, as is usually the case, good policy is good politics. The American people understand the balanced budget amendment, they want Congress to pass it, and they are right.

A few days ago, the distinguished majority leader questioned whether putting a fiscal year 2001 effective date in the amendment was designed to put it outside the terms of service of many of the amendment's supporters. On the contrary, Senators who vote yes today are more likely, in this Senator's estimation, to be still serving in the Senate when its time to follow through on the heavy lifting that our amendment would require.

MAJORITY RULE

One of the curious objections raised against the balanced budget amendment is that it would threaten majority rule.

Those that dwell on the difficulty of getting three-fifths majority to unbalance the budget or raise the debt limit are missing the point: They are still thinking, "What do we need to do in order to keep deficit spending?"

That is why we put supermajority in the amendment—not just to make it harder to deficit spend and increase the debt, but to deter Congress from deficit spending in all but legitimate and extraordinary circumstances. Under our amendment, when you balance the budget, you don't have to worry about mustering a supermajority.

Such a requirement is consistent with other provisions in the Constitution. Freedom of speech is protected by a supermajority requirement. So is freedom of religion. So is the right to keep and bear arms and every other right in the Constitution.

Because it takes a supermajority to amend the Constitution, every right protected in the Constitution by limiting the power of government is protected by a supermajority.

In addition, as has been noted by both sides in this debate, specific supermajorities are written into several procedures in the Constitution, including treaty ratification and overriding vetoes.

In our amendment, we create procedural restraints on the Federal Government to protect the right of the people to be free from excessive government debt. We use 60 percent supermajority instead of two-thirds or absolute prohibitions because we foresee that the process will need to be flexible on occasion.

The Framers wanted to protect majority rule for the transaction of most

of the Government's business. But sometimes, to protect fundamental rights or the integrity of specific processes, they employed supermajority requirements to protect against, in the words of the Federalist Papers, a "tyranny of the majority."

Let us look at the will of the majority from one more angle.

Two-thirds to three-fourths of the American people want the balanced budget amendment. Clear majorities of Congress want it. If it does not pass today, if it does not go to the American people for a full public debate, it will be because a majority has gridlocked it here.

DISASTER ASSISTANCE

Some are concerned about whether requiring a three-fifths vote to deficit spend would thwart efforts to deal with natural disasters. My staff and Senator DECONCINI's staff did some research in this area. From 1978 to 1993, supplemental disaster appropriations topped $7 billion in only one year, 1992. We generally are talking about a very small portion of the Federal budget.

As Senator SIMON and others have suggested, creating a small disaster revolving fund, or for that matter, just planning to run small surpluses, would be sufficient to meet such needs.

On the other hand, Congress also has a history of dealing promptly and compassionately in such situations. Only one time over the last 15 years did a disaster bill fail to clear either body with less than a 60-percent majority. That was in 1992, in the House, amid much contention over the Budget Enforcement Act firewalls, the balanced budget amendment and other issues. And that bill fell only one vote short of 60 percent.

Congress is not going to turn its back on natural disaster victims under this amendment. To suggest it will is to ignore reality and history.

SEPARATION OF POWERS

Perhaps the most curious concern I have heard raised about the Simon-Hatch-Craig amendment is that it would transfer powers from the legislative branch to the executive or the courts.

Let us look at the amendment. That does not occur in section 6, which begins with the words, "The Congress shall enforce and implement this article * * *"

This transfer doesn't appear later in section 6, which recognizes the need of Congress to use estimates in implementing legislation, obviously foreclosing some of the more inventive scenarios that might tempt executive or court action.

It certainly does not appear in the clarifying language that the amendment's authors have added to section 6 to make sure that no one thinks the courts can raise taxes or construct equitable remedies.

There is no line-item veto or new impoundment power in here. There is no delegation of Congress' legislative power, implied or explicit, to anyone else.

In the same way that the first amendment begins with the words, "Congress shall make no law * * *" this amendment restricts the power of the entire Government by making it harder to enact something into law.

The balanced budget amendment does not change in any way the balance of power among the branches of Government. It is absolutely consistent with the spirit, the style, and the operations of the rest of the Constitution.

DOOMSDAY SCENARIOS FOR CRITICAL PROGRAMS; DEFENSE

A couple weeks ago, the administration and other groups did a disservice to serious public debate by releasing so-called studies that they tried to make look legitimate by attaching tables of numbers.

In reality, they were scare tactics, using dubious assumptions, and filled with manufactured numbers.

I will ask unanimous consent to insert into the RECORD a more complete critique of such alarmist attacks that several of us circulated previously among our colleagues. I will address them here only briefly, and focus on one program.

Such studies relied on sometimes questionable, sometimes sound economic assumptions. But in every case, they did not look to the long-range benefits of balanced budgets. And in every case, they assumed a mindless, across-the-board, meat-ax approach to budget changes.

It is not necessary to slash and burn to balance the budget. Right now, CBO projects that spending will grow about 4.5 percent a year between now and 2001. If we just engage in reasonable restraint, holding spending growth to 2.8 percent annually, we can balance the budget by 2001. But it's vital to strike now, while the iron is hot and deficits have gone down a little. Every year that we delay will make the transition more painful.

One of the chief benefits of the balanced budget amendment is that it will make Congress and the President set priorities. You do not have to set priorities when you do not have a credit limit. In an effort to scare as many people as possible, and attract as much attention as possible, these studies, including one issued by the Treasury Department, imply that the President and Congress have no priorities and would not select or change priorities under the amendment.

One of the more disingenuous attacks has been, ostensibly, on behalf of the defense budget. I find it especially curious, coming from an administration and a host of special interest groups that have shown every inclination to dismantle the Defense Department.

To this Senator, what their arguments really say is, these opponents are afraid that the amendment will work and that, when the Government must set priorities, the American people may not agree with their priorities.

I want to note once again a letter I received earlier today from former Secretary of Defense Dick Cheney. He endorses the balanced budget amendment, as he has for many years. He doubts that there would be unwise cuts in defense because, he notes, "Obviously, * * * Congress will still be free to set priorities. And clearly providing for our national security must continue to be an urgent priority."

Suggesting that our national security could be imperilled by the balanced budget amendment suggests two assumptions: First, that defense would be threatened by balanced budgets themselves, not this amendment; and second, that representative democracy doesn't work and that, once the Government is forced to spend within its means, the people are willing to sacrifice their national self-defense in favor of less wise priorities.

I reject both of those assumptions. Balanced budgets will produce a stronger economy, better able to sustain its defense capabilities while meeting its other needs. And I am confident that the people will demand, and I am willing to risk that Congress will deliver, an adequate defense budget.

THOMAS JEFFERSON—REVISITED

I turn one more time to the words and works of Thomas Jefferson.

Jefferson balanced the budget in all 8 of his years in the White House. He reduced the national debt by half during his first term and set policies in motion that resulted in a national debt of a mere $38,000—that's 38 thousand—in 1834 and 1835.

Jefferson's Louisiana Purchase has been tossed about as an example of how going into debt can be beneficial. But let's look as what we can learn from his experience.

I will ask unanimous consent to include in the RECORD a copy of an economic analysis of the Jefferson administration and the Louisiana Purchase, prepared for me by Dr. William Duncan, Ph.D., of the National Taxpayers Union Foundation. To summarize his findings:

It is true that the Louisiana Purchase was twice the size of the Federal budget in 1803, as noted by the Senator from West Virginia [Mr. BYRD]. But the Federal budget was only 1.63 percent of gross national product at the time.

Relative to the size of the gross domestic product, the Louisiana Purchase would translate into just under $225 billion in today's dollars; $225 billion. If that number sounds familiar, it is probably because the Federal deficit this year is projected to be $223 billion.

Jefferson and his successors sold the land acquired from France and made a profit for the Federal Government.

Every year the Federal Government is borrowing the equivalent of a Louisi-

ana Purchase. And what are we getting for it? Nothing except a higher bill for interest costs and a legacy of crushing debt to leave behind for our children.

OTHER ISSUES, CONCLUSION

There are many other issues relating to this amendment, too numerous to discuss in the time allotted. To address those as a matter of legislative history, I ask unanimous consent to insert various other materials in the RECORD.

As for those additional facets of the debate, I want to note that, with our 3,000-plus pages of legislative history over the last 14 years, every question has been answered, every objection has been dealt with.

This amendment has a history, it has a pedigree. It is the bipartisan, bicameral, consensus that has been looked at by constitutional scholars, economists, public interest groups, and members of both bodies.

This is our one chance to vote, up or down, to send a balanced budget amendment to the House and then to the people.

I will turn one last time to the words of Thomas Jefferson, when he wrote, in a 1798 letter to John Taylor:

I wish it were possible to obtain a single amendment to our constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its constitution; I mean an additional article, taking from the Federal Government the power of borrowing.

And again, in 1798, he wrote:

If there is one omission I fear in the document called the Constitution, it is that we did not restrict the power of government to borrow money.

Just 2 years ago, 38 States ratified the 27th amendment, concerning variations in congressional pay, as proposed by James Madison 200 years ago.

It just goes to prove that occasionally it's time to turn to a new idea, and sometimes the answer is to turn to a classic.

Today, Madam President, my colleagues, it is time to add Mr. Jefferson's amendment to the Constitution, right behind that of his friend, Mr. Madison. We could hardly be in better company, we could hardly seek wiser guidance, in contemplating this addition to our Constitution.

I ask unanimous consent that the documents to which I referred, along with other documents related to this subject, be printed in the RECORD.

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

MARCH 1, 1994.

Hon. LARRY CRAIG,
U.S. Senate, Washington, DC.

DEAR LARRY: As you know, I have been a long-time supporter of a balanced budget amendment to the Constitution. I think it offers the best prospect of forcing Congress to carry out its Constitutional responsibilities and bring some discipline to the Federal budgeting process.

I know that a number of individuals are concerned that somehow such an amendment will lead to unwise cuts in defense. Obviously, there is no reason why that has to be the case since Congress will still be free to set priorities. And clearly providing for our national security must continue to be an urgent priority.

I would urge all of my friends in the Senate to support the proposed amendment to the Constitution.

Best regards,

DICK CHENY.

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, DC, February 24, 1994.

DEAR COLLEAGUE: During floor consideration of the Balanced Budget Amendment, Senators Simon and Hatch will modify S.J. Res. 41 to incorporate language clarifying the role of the judiciary in its enforcement. This modification will make absolutely no substantive change in the operation of S.J. Res. 41 but simply will provide an explicit assurance that the role of the courts will go no further than permitted under existing legal precedents.

We disagree with those who argue that passage of S.J. Res. 41 will result in the courts setting budget policy, but we have agreed that it would be beneficial to clarify the issue. The language that we plan to add to the amendment reflects our longstanding understanding of the role of the courts in enforcing the amendment. Courts would be limited to reviewing the actions of Congress and the executive and determining whether the amendment has been violated, leaving the policy decisions regarding what actions should be taken to the political branches.

This language responds to the concern expressed by Senators Danforth, Cohen, Domenici and Nunn that the courts will become too involved in budget policy, as well as the opposite concern that S.J. Res. 41 will be entirely unenforceable.

S.J. Res. 41 preserves the ability of Congress through implementing legislation, to further regulate the role of the courts in enforcing the amendment. Under Article III of the Constitution, Congress possesses authority to establish federal court jurisdiction and remedies. Thus, Congress can confer, deny, or limit court jurisdiction over cases arising under this amendment through statute. Congress can also pass legislation to provide for expedited adjudication.

The text of S.J. Res. 41 is reprinted on the back of this letter. If you have any questions, you may contact any one of us or Aaron Rappaport (Simon 4-5573), Larry Block (Hatch 4-7703), Damon Tobias (Craig 4-2752), Janis Long (DeConcini 4-8178), Thad Strom (Thurmond 4-9494) or Ed Lorenzen (Stenholm 5-6605).

Sincerely,

PAUL SIMON,
DENNIS DECONCINI,
ORRIN HATCH,
CHARLES STENHOLM,
LARRY CRAIG,
STROM THURMOND.

S.J. RES. 41 (AS MODIFIED)

[New language in italic]

"Section 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

"Section 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.

"Section 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year, in which total outlays do not exceed total receipts.

"Section 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

"Section 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

"Section 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts. *The power of any court to order relief pursuant to any case or controversy arising under this article shall not extend to ordering any remedies other than a declaratory judgment or such remedies as are specifically authorized in implementing legislation pursuant to this section.*

"Section 7. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

"Section 8. This article shall take effect beginning with fiscal year **[1999]** *2001* or with the second fiscal year beginning after its ratification, whichever is later."

[From the Congressional Leaders United for a Balanced Budget]

BALANCED BUDGET AMENDMENT FACT SHEET

ISSUE: HOW WOULD THE BALANCED BUDGET AMENDMENT BE ENFORCED?

The U.S. Constitution establishes fundamental principles which provide a framework to guide the decisions of Congress and the President. It also restrains the government from taking actions that would interfere with fundamental rights of the People. The balanced budget amendment is consistent with both of these general rules by establishing a normative, general rule that the federal government balance its budget, and in so doing protect the right of the People, in both the current and future generations, to be free of the fiscal and economic burdens that imposed upon them by excessive government debt.

The public consistently demonstrates a demand, on a generalized level, that the government not spend beyond its means. In much the same way, Congresses and Presidents generally would prefer to do the right thing and reduce deficits. Instead, a seriously broken system of political accountability provides a perverse set of incentives that pull policymakers virtually irresistibly in the opposite direction.

A balanced budget amendment would eliminate this current bias toward deficit spending. The amendment would require Congress to pass implementing legislation and provides back-up enforcement to ensure that this obligation is fulfilled, while it also properly preserves the flexibility of future Congresses to develop appropriate procedures to implement and monitor compliance with the amendment. Although the amend-

ment anticipates that Congress will pass additional statutory procedures to enforce the amendment, even in the absence of such legislation, the provisions of H.J. Res. 103 will be self-enforcing both in forcing Congress and the President to take the actions necessary to bring the budget into balance and in ensuring continued compliance with the amendment.

H.J. Res. 103 provides a "glide path" before the Amendment will be effective as a part of the Constitution, since its effective date would be several years from now. The anticipation that the Amendment will become effective will prompt Congress and the President to take action to balance the budget during this period. By passing this amendment and sending it to the states for ratification, the Congress will bind itself, in cooperation with the President, to adopt an orderly deficit reduction plan that will bring the budget into compliance with the amendment before it is effective. The risk of a fiscal trainwreck if action is not taken to balance the budget before the amendment becomes effective will provide a powerful incentive to take action and will serve as a counterweight to the political risks that have heretofore caused Congress and the President to avoid taking action sufficient to balance the budget to date.

It is not conceivable that Congress would fail to enact implementing legislation. Without a balanced budget amendment in place, budget process reform is perennially a hot issue. The Budget Act of 1974 has been amended constantly, the last time being in 1993. Any debate over enforcement of the amendment must take cognizance of the fact that, on its face, the amendment reserves to Congress the exclusive power to implement and enforce, through appropriate legislation.

Even without implementing legislation, however, the provisions of H.J. Res. 103 are self-enforcing through the 3/5 majority required in Section 1 to authorize outlays in excess of receipts and the requirement in Section 2 of H.J. Res. 103 for a 3/5 vote to raise the limit on the debt held by the public.

The check on the government's ability to borrow money by creating immediate political consequences for running a deficit, by requiring a specific 3/5 vote to run a deficit, will ensure compliance through accountability. For the first time ever, a deficit would be accompanied by Members of Congress explicitly voting for one.

The debt provision provides timely procedural and political consequences for running deficits, at the end of the process. Attempts to get around the amendment through gimmicks or other political games will be exposed through the public process of raising the debt limit to finance any resulting deficit. Raising the debt limit is always a difficult task for Congress with potentially serious consequences if the debt limit is not increased, including the possibility of a default by the government of the U.S. Section 2 takes the consequences of failing to raise the debt limit and extends those same consequences to a failure to balance the budget. The potentially bitter consequences of having to obtain a politically difficult 3/5 majority to raise the debt limit under full public scrutiny exposing the failure to comply with the balanced budget rule will establish an incentive for truth-in-budgeting more powerful than anything in current law and motivate Congress and the President to enact balanced budgets to avoid this situation. Section 2 provides what the budget process currently lacks—accountability and political consequences for running deficits.

The political and economic threat provided by the debt limit provision, in combination with the requirement included in Section 6 for Congress to "enforce and implement this article by appropriate legislation", will motivate Congress to enact legislation providing the specific procedural details to implement and enforce the amendment. It manifestly would be in Congress's own best interest to enact legislation to facilitate compliance with the amendment.

In order to ensure that the negative consequences of Section 2 are avoided, Congress would need to establish a procedure to provide an "early warning system" to identify any potential deficits before they occur (possibly similar to the monthly reports summarizing government outlays and receipts currently issued by the Treasury Department) and facilitate prompt corrective action by Congress and the President in order to avoid the necessity of raising the debt limit. Congress almost certainly would want to exercise the authority provided in Section 6 allowing Congress to utilize estimates of outlays and receipts in implementing legislation.

Congress will have numerous statutory procedures to choose from in enforcing the amendment. Congress could, for example, choose to implement the amendment through legislation similar to the entitlement review procedure enacted as part of the recent budget reconciliation bill, which requires OMB to monitor entitlement spending and requires action on the part of the President and Congress if OMB projects that entitlement spending will exceed certain levels. The details of implementing language, such as whether or not to use estimates, whose estimates should be used, how often conformance should be measured, and what type of mechanism should be established to provide corrective actions, are appropriately left to future Congress' to work out in statutory language. The key, however, is that the amendment provides an incentive to enact implementing procedures by establishing severe consequences for a failure to comply with the balanced budget rules and sets out a framework to guide the specific decisions of Congress and the President.

The President's obligation to uphold and enforce the Constitution would extend to proposing a balanced budget amendment and to the same type of ministerial bookkeeping and cash-flow functions as exist under current law. Unless Congress enacts implementing legislation which gives the President broader authority, the President's role in enforcing the amendment would be limited to a non-discretionary duty to order that no funds be spent at the point in which outlays would exceed receipts, unless a deficit was specifically authorized by a ⅗ vote of Congress as required in Section 1. This duty is no different than the current duty of the President to prohibit funds from being spent if an appropriations bill has not been enacted in time to keep programs going. The amendment does not broaden the current powers of the President over the purse in any way. The President would not have discretionary authority to halt or reduce funding for certain programs while allowing funding for other programs to continue.

As an absolute last resort, the courts will have a limited role in enforcing this amendment if both Congress and the President abdicate their Constitutional responsibilities under this amendment. Assuming that Congress does not address this issue in implementing legislation, which is unlikely, the courts would be limited to finding individual acts of Congress (such as passing legislation that would result in outlays exceeding receipts without the required ⅗ vote) unconstitutional and to restraining the Executive from some action that would violate the amendment. The courts would probably use current Declaratory Judgement Powers to state whether a budget is in excess and would simply strike down any action unbalancing the budget, leaving the cure of the problem to Congress. The involvement of the courts would be severely limited by legal precedents limiting the ability of parties to bring cases in "political cases" or in cases in which there is only a "generalized grievance."

Members of Congress and the President take their Constitutional responsibilities seriously. Once the fundamental principle that current generations should not be able to burden future generations with excessive debt is enshrined in the Constitution, it will be clear whether or not Congress and the President have met their obligation established by this Amendment. The American people will hold accountable any public official who ignores this Constitutional mandate and abdicate their budgetary responsibilities to the court. This accountability, lacking in the current budget process, will provide the ultimate enforcement of the amendment.

[From the U.S. Chamber of Commerce]

BALANCED BUDGET AMENDMENT: THE ROLE OF THE COURTS

Some lawmakers and commentators have raised questions about the enforcement of a Balanced Budget Amendment to the U.S. Constitution. A primary concern is that Congressional efforts to meet the balanced budget requirement would be challenged in the courts, and the judiciary would be thrust into a non-judicial role of weighing policy demands, slashing programs and increasing taxes.

On the other hand, there is a legitimate and necessary role for the courts in ensuring compliance with the amendment. Congress could potentially circumvent BBA requirements through unrealistic revenue estimates, emergency designations, off-budget accounts, unfunded mandates, and other gimmickry. Certainly, the track record of the institution under the spending targets of Gramm-Rudman-Hollings and other statutory provisions is no cause for optimism.

It is our view that the need to proscribe judicial policymaking can be reconciled with a constructive role for the courts in maintaining the integrity of the balanced budget requirement. Congress is expected to address technical issues such as accounting standards, budget procedures and judicial enforcement in followup implementing legislation. By drawing on the existing legal principles of "mootness," "standing" and "nonjudiciability," implementing legislation can define an appropriate role for the courts in making the amendment work. The net effect can be to prevent judicial assumption of legislative functions such as selecting program cuts, while allowing the courts to police a framework of accounting standards and budget procedures.

TRADITIONAL LIMITS ON JUDICIAL INTERVENTION

In general, the courts have shown an unwillingness to interject themselves into the fray of budgetary politics. The New Jersey Superior Court observed that "it is a rare case * * * in which the judiciary has any proper constitutional role in making budget allocation decisions."[1] The judiciary has re-

Footnote at end of article.

mained clear of most budget controversies through the principles of "mootness" and "standing," as well as the "political question" doctrine.

A case is considered moot, and can be rejected by the court, if the matter in controversy is no longer current. In *Bishop* v. *Governor*, 281 Md. 521 (1977), taxpayers and Maryland legislators claimed that the governor's proposed budget violated the state's balanced budget law, because $95 million was contingent upon enactment of separate federal and state legislation. The Maryland Court of Appeals, dismissed the case as moot because by that time the separate legislation had been approved, and the relevant fiscal year had elapsed. Mootness will be a factor in many potential challenges to Congressional action under a federal Balanced Budget Amendment, particularly those based on unplanned expenditures or flawed revenue estimates which become apparent near the end of the fiscal year.

The doctrine of standing limits judicial access to parties who can show a direct injury over and above that incurred by the general public. The logic is that the greviances of the public (or substantial segments thereof) are the proper domain of the legislature.[2] The U.S. Supreme Court has generally held that status as a taxpayer does not confer standing to challenge federal actions,[3] and has barred taxpayer challenges of budget and revenue policies in the absence of special injuries to the plaintiffs.[4] A state cannot sue the federal government on behalf of its citizens,[5] and it is doubtful that Members of Congress have standing to challenge federal actions in court.[6]

The political question doctrine is a related principle that the courts should remain out of matters which the Constitution has committed to another branch of government. The U.S. Supreme Court has held that a "political question" exists when a case would require "nonjudicial discretion."[7] This would be the case with many budgetary controversies, such as the choice to cut particular programs, which by their nature require ideological choices and the balancing of competing needs. In theory, at least, Congress brings to this task a "full knowledge of political, social and economic conditions. * * *" as well as the legitimacy of elected representation.[8] The New Jersey Supreme Court recognized this in a case where local governments challenged funding decisions made by the governor and legislature, holding that the allocation of state funds among competing constituent groups was a political question, to be decided by the legislature and not the judiciary.[9] The Michigan Supreme Court has likewise held that program cutting decisions are a non-judicial function.[10]

A ROLE FOR THE COURTS

The courts have asserted jurisdiction over politically tinged controversies where they find "discoverable and manageable standards" for resolving them. In *Baker* v. *Carr*, the U.S. Supreme Court reasoned that objective criteria guide judicial decisionmaking and limit the opportunity for overreaching. In the balanced budget context, the "discoverable and manageable standards" principle and help demarcate lines between impermissible judicial policymaking, and the needed enforcement of accounting rules and budget procedures.

In all likelihood, a strong framework of accounting guidelines will emerge from implementing legislation. The State Judiciary Committee has interpreted Section 6 of the bill to impose "a positive obligation on the part of Congress to enact appropriate legislation" regarding this complex issue.[11] Judiciary Committee staff on both the House and Senate side have indicated their intention that implementing legislation embrace stringent accounting standards that will minimize the potential for litigation. Should legitimate questions arise concerning the methods by which Congress "balances" the budget, these standards will also provide objective criteria which meet constitutional standards for judicial intervention.

The implementing package is also likely to establish guidelines for judicial involvement, defining what issues are judiciable and which parties have standing to challenge Congressional decisions. Where Congress has defined standing within the relevant statute, the courts have generally deferred to this request for judicial input, and entertained suitable cases.[12] This approach has the advantage of defining appropriate controversies and plaintiffs more precisely. In the Balanced Budget context, the right to raise particular arguments could be delegated to specific public officials. State budget officers, for example, could be given standing to contest unfunded federal mandates.

We are satisfied that such enforcement procedures, coupled with budget process and accounting guidelines, will operate against a backdrop of traditional legal principles to rationally limit judicial action. The effect should be to prevent judicial overreaching into legislative functions, while providing a check on Congressional attempts to evade the requirements of the BBA through procedural and numerical gimmickry.

FOOTNOTES

1. *Board of Education* v. *Kean*, 457 A.2d 59 (1982).
2. *Flast* v. *Cohen*, 392 U.S. 83 (Harlan J., dissenting).
3. *Massachusetts* v. *Mellon*, 262 U.S. 447 (1923). In only one case has the Supreme Court recognized taxpayer standing, and lower courts have viewed the holding as limited to the unique facts of the case. *Valley Forge Christian College* v. *Americans United for Separation of Church and State*, 454 U.S. 464 (1982).
4. *United States* v. *Richardson*, 418 U.S. 166 (1974) (plaintiffs challenged a statute allowing the CIA to avoid public reporting of its budget); *Simon* v. *Eastern Kentucky Welfare Rights Organization*, 426 U.S. 26 (1976) (plaintiffs challenged a Revenue Ruling granting favorable tax treatment to certain hospitals as inconsistent with the Internal Revenue Code).
5. *South Carolina* v. *Katzenbach*, 383 U.S. 301 (1966).
6. *Goldwater* v. *Carter*, 444 U.S. 996 (1979).
7. *Baker* v. *Carr*, 369 U.S. 186 (1962).
8. Id.
9. *Camden* v. *Byrne*, 82 N.J. 133 (1980).
10. *Michigan Assn. of Counties* v. *Dept. of Management and Budget*, 418 Mich. 667 (1984).
11. S. Rpt. 103–163, 103rd Congress, 1st Session (1993).
12. Nowak, John E. et al, Constitutional Law, West Publishing Co. (1983), p. 87. In Lujan v. Defenders of Wildlife, 112 Sup. Ct. 2130 (1992), the Court voided a citizen suit under the Endangered Species Act, holding that Congress' power to define standing by statute is limited by Article III of the Constitution. The decision implied that citizen suit provisions must be carefully articulated and supported by clear legislative goals.

THE ECONOMIC EFFECTS OF THE BALANCED BUDGET AMENDMENT

The U.S. Chamber of Commerce, the nation's largest business federation, has endorsed *S.J. Res. 41*, the Balanced Budget Amendment to the U.S. Constitution. The Chamber believes that this measure, sponsored by Sens. Simon (D–IL), Hatch (R–UT) and Craig (R–ID), will help move the federal government toward fiscal responsibility. This paper discusses the most significant economic questions raised by this landmark legislation, along with some of the conclusions reached by the U.S. Chamber.

Question. Why should we balance the federal budget?

Answer. There are several reasons why the federal budget should be balanced. Most fundamentally, the Balanced Budget Amendment would improve accountability in federal spending decisions. Government officials are generally inclined to increase government spending to improve services to their constituents. This, of course, is countered by their reluctance to raise taxes. But since borrowing can substitute for raising taxes, legislators find they can offer a high level of services without the pain of raising the current level of taxes. Consequently, when it's time to make tough spending decisions, Congress finds it can dodge the question by just borrowing the difference. The proper counterweight to higher government spending—raising taxes—is circumvented by the seemingly painless act of federal borrowing. This leaves us with more government than taxpayers are willing to pay for. Over time, such borrowing leaves us with a bloated government sector and the problem of paying off the debt.

The Balanced Budget Amendment restores the proper balance between spending and taxes, and forces government officials to prioritize difficult spending choices. It improves the process whereby such decisions are made, forcing Congress to use much greater discipline.

Also, no matter whether the government finances its spending through taxes or borrowing, it's still spending and therefore commanding economic resources. To those who believe in limited government and market systems, the level of federal spending is as much of a concern as how that amount is financed. Limiting government borrowing blocks the path of least resistance to government expansion, and so we expect that a Balanced Budget Amendment would act to limit the reach of government into the economy.

Question. Wouldn't Congress just raise taxes to close the deficit?

Answer. In a way, Congress already has. After all, the difference between government borrowing and raising taxes is just a question of taxes today or taxes tomorrow. The important point is that, no matter how it's financed, the government is spending economic resources, and the amount of spending will surely be greater when government is allowed to use deficit spending.

And tax increases to close the deficit gap are being used now anyway—witness the tax increases in 1982, 1983, 1984, 1985, 1988, 1989, 1990 and 1993. In other words, we're already getting the tax increases. By requiring a balanced budget, we expect to place additional pressure on Congress to tackle the spending cuts that should be made.

To answer the question more directly, Congress can't just raise taxes, leave spending intact, and walk away—if it could, it would have done so a decade ago and spared us this long debate on deficit spending. So while it may raise some taxes to close the deficit, Congress will have to confront its voracious spending habit. The end result will be a lower level of government spending, and less government involvement in the economy.

In addition, a couple of provisions in the BBA make it more difficult to raise taxes. Under the amendment, tax increases require both a roll call vote (instead of anonymous voice votes) and a constitutional majority (which means 51 votes would be required in the Senate and 218 voters in the House to raise taxes, instead of a majority of those voting). This may not sound like much of a hurdle, but note that President Clinton's 1993 tax increase would have needed an additional two Senate votes under such a requirement.

Instead, it passed after Vice President Gore's vote broke a 49–49 deadlock.

Finally, of course, congressmen and women would have to face the political consequences of raising taxes at the voting booth. Because a roll call vote would identify those who voted to raise taxes, legislators would be held to a higher level of accountability.

Question. What is the primary economic impact of running government deficits?

Answer. The worst thing about government deficit spending is that it distorts the economy's balance between saving and investment, producing adverse long-term productivity growth. The funds the government is borrowing have to come from somewhere, and generally they come from private saving and private investment. Throughout the 1980's and early 1990's, we've seen the saving rate fall from about 8% to consistently below 4%—too low to fuel the kind of investment we need to keep up our high productivity. Since long-term productivity growth is the key to rising standards of living, it's dangerous to be skimping on investment.

Federal borrowing is not inherently wrong or bad for the economy; it depends on how the funds are used. If the funds were being used exclusively to create stronger schools, better highways, safer bridges, and so forth, we would be increasing the productive capacity of the economy. This means that we would be creating the means by which future generations can create the wealth to pay back the borrowed funds. But if we're using those funds to provide ourselves with consumption-oriented short-term benefits that don't improve our long-term productive capacity, then we're raising our standard of living by lowering that of future generations. To quote NationsBank economist Mickey Levy: "Deficits matter most because they distort the way current national resources are allocated, generally favoring current consumption at the expense of private investment."[1]

Question. Are there other effects of deficit spending that harm the economy?

Answer. In a complex, interlocking, international economy, you can expect sustained deficit spending to cause other distortions as well. First, chronic government borrowing tends to put upward pressure on interest rates. Businesses seeking to raise capital and households applying for mortgages have to compete with the federal government in securing loanable funds. This increase in demand pushes interest rates up. Consequently, fewer loans are made to the private sector, and those that are made carry a higher interest rate. This is known as "crowding out," since government borrowing displaces some private borrowing.

Second, because our economy is increasingly linked to the global market, there are important international impacts related to the budget deficit.[2] Higher interest rates tend to raise the foreign exchange value of the dollar, meaning that our trading partners face price increases on the goods and services they buy from the U.S. This lowers our exports, pushing up our trade deficit. Many contend that one of the major forces behind the huge trade deficits of the 1980's was the federal budget deficit.

Third, the amount we're paying to service our national debt has grown almost fivefold since 1979—from $43 billion to $203 billion in 1994. As a share of total government outlays, interest payments on the debt have about doubled from 7.4% during the 1970's to over 14% currently. That means that for the same amount of revenue, there's less money for other government programs, whether it's for national defense, our court system, Head Start, or environmental clean-up. No matter what the budget priorities are, fewer funds are available.

To sum up, there are serious economic side-effects of deficit spending that Washington tends to ignore. In addition to restoring discipline to the spending decisions of Congress, the Balanced Budget Amendment seeks to remove the economic distortion caused by chronic deficit spending.

Question. Back to that notion of "crowding out" for a moment. If increased government borrowing leads to higher interest rates, as you claim, then why did interest rates fall during the 1980's just as the budget deficit was expanding?

Answer. The key to this apparent paradox is the behavior of inflation during the 1980's. After starting out the decade in the double-digits, the inflation rate fell sharply due to tighter monetary policy and, in mid-decade, the collapse of oil prices. Since expectations of future inflation are embedded in market interest rates, this decline in inflation pushed interest rates down. This more than offset the impact of increasing federal deficits, which were working at the same time to push interest rates up.

So while it's true that market interest rates fell significantly during the 1980's, it's correct to say that they would have fallen even further had the federal budget been brought into balance. In fact, later in this document we'll present results from an econometric study that show significantly lower interest rates as a result of moving to a balanced budget.

Question. Doesn't government spending represent an investment in the economy, with highway and transportation construction funds going to education, etc?

Answer. Some government spending can be regarded as "investment spending," meaning that funds spent now will generate stronger economic growth later. Spending on infrastructure—highways, bridges, dams, and mass transit, for example—and other programs such as education are often thought of that way, since they provide benefits over a long period of time. But the bulk of government spending goes to projects and programs that don't provide much of a return over time, but instead represent "current spending." Such programs include Social Security, Medicare, federal retirement programs, unemployment insurance, agricultural extensions offices, and so forth. While many of these programs are desirable, we need to recognize that we're borrowing vast sums to pay for benefits that are only short-lived.

Because an extra dollar of private investment is generally more efficient than an extra dollar of government investment, our productive capacity generally grows less when funds are diverted away from the private sector. This means that productivity and wage growth will be held back, lowering our standard of living.

Question. Why a Balanced Budget Amendment now? After all, we've gotten along without it for 200 years.

Answer. Until about 1960 or so, running a balanced budget over time was almost an unwritten Constitutional amendment. The U.S. government ran deficits during the War of 1812, the severe recession of 1837–43, the Civil War, and the Spanish American War, to name a few episodes. But in other periods, the federal government ran surpluses to reduce its outstanding debt. On the whole, only emergencies justified running a deficit.

But since 1960, this informal rule apparently has gone by the wayside, In the past 34 years, the U.S. has avoided a deficit only once, when in 1969 there was a surplus of 43 billion. Given the chronic deficits we've come to expect, it's time to make explicit through a Constitutional amendment the old implicit principle of government living within its means.

Question. Will passing a Balanced Budget Amendment really add discipline to the federal government?

Answer. Lawmakers have tried statutory measures to rein in government deficit spending, but they just haven't worked. For example, in 1985 Congress passed the Gramm-Rudman-Hollings deficit reduction bill, which was supposed to reduce the deficit to zero by fiscal year 1991 from the $293 billion deficit projected at the time for fiscal year 1991.[3] As it turned out, even with passage of GRH, we ended up with a $196 billion deficit in 1991 and a $289 billion deficit in 1992. That's because hard-won budget rules can be waived or modified by a simple majority vote. The Balanced Budget Amendment, on the other hand, requires a three-fifths vote of each house to enact a budget with a deficit (in times of war, only a simple majority is required).

It's clear that these statutory measures haven't worked, and so it's time to turn to the stronger medicine of a balanced budget amendment.

Question. Didn't we move to balancing the budget with the passage in August 1993 of President Clinton's package, the Omnibus Budget Reconciliation Act (OBRA)?

Answer. Washington made some progress in trimming the deficit last summer when it passed OBRA. The nonpartisan Congressional Budget Office estimated in September 1993 that OBRA will cut $433 billion of debt over the next five years from the projected baseline (i.e., pre-OBRA) level of debt. But not only is the post-OBRA deficit still at $200 billion in FY 1998, but it's also on the rise. By 2003, according to CBO, the deficit is projected to hit $359 billion. As a percentage of total output, that means the deficit rises from 2.5% of GDP in FY 1998 to 3.6% in FY 2003.[4]

Like the budget deals in the previous decade before it, OBRA clearly does not solve the deficit problem. That's why it's imperative to turn to a constitutional, rather than a statutory, remedy for our chronic deficit problem.

Question. What's the relationship between the federal deficit and federal debt?

Answer. The federal deficit is the difference between the government's outlays and receipts in any one year, while federal debt is the total amount of government debt outstanding. The debt, in other words, is the total accumulation of deficits over the years. In 1993, the federal deficit was $255 billion, and the total deferral debt was $4.5 trillion.

Question. A federal debt of $4.5 trillion sounds like a lot, but is it historically high?

Answer. In absolute terms, it's the highest it's ever been. But because of inflation and the growth of our economy, it's best to answer this question by measuring the federal debt relative to the size of the economy; that is, to look at the ratio of debt to GDP. Today, the total debt held by the public is 52% of current GDP.[5] While that's less than half of 1946's 114% of GDP, we don't have as much to show for it. The debt then paid for victory in World War II, while the current debt is simply funding higher levels of consumption.

[1] Footnotes at end of article.

Moreover, this ratio is currently moving in the wrong direction. It's grown from below 30% during the 1970s to just over 40% during the mid-1980s, and now to over 50%. In contrast, the federal debt ratio in the postwar period was pruned from 114% to 68% by 1951, and generally kept falling until the early 1970s.

Question. So the federal debt's higher, and it's been growing for twenty years. But while some continue to feel economic discomfort from structural changes unrelated to the higher federal debt (such as the defense build-down and the commercial real estate overhang), the U.S. seems to be doing fine. What's the crisis?

Answer. The growing federal debt is not a problem that can be characterized as "a wolf at the door," which requires immediate attention. Instead, to use the analogy introduced by President Carter's top economist, Charles Schultze, it's a "colony of termites in the wall. "[6] In other words, it's a serious long-term problem that can be ignored in the short-term. The damage—lower investment, lower productivity, slower wage growth, etc.—may be hard to perceive or even hidden by other economic forces, but that doesn't mean it's not occurring. The termites are still chomping away and must still be dealt with, because the destruction can be massive.

Question. Won't the Balanced Budget Amendment hamper government activity in times of a national emergency, such as a war?

Answer. The Amendment will not compromise America's ability to respond to national emergencies. In general, the Amendment can be suspended for a specific fiscal year whenever three-fifths of both Houses of Congress vote to do so. In wartime, this requirement is lowered to a simple majority in both chambers.

Question. Won't balancing the budget cause a serious disruption of economic growth?

Answer. If the deficit were reduced all at once—from FY 1994's projected $250 billion to zero next year, for example—there indeed would be a severe disruption. Because the removal of so much fiscal stimulus in one year is not advisable, the Balanced Budget Amendment calls for the provision to become law in FY 1999 or two years after the ratification by three-quarters of the states, whichever is later. The Amendment does not provide a specific path for deficit reduction in the meantime, but Congress would have five years to implement the needed changes.

While we should expect some disruption—balancing the budget is not, in the short-term, an economic growth policy—we will see several long-term benefits after the budget is balanced. And the short-term distress can be mitigated, according to economic simulations performed in a 1992 study conducted by Laurence H. Meyer & Associates a nonpartisan and highly regarded macroeconomic consulting firm based in St. Louis, Missouri. If we had started in 1993 and balanced the budget by 1998, using Federal Reserve policy to cushion the economy, the LHM&A model shows that total output would be between 1% to 1.6% higher in 2003.[7] Even 1% additional output means an economy that's $80 billion larger (measured in today's dollars.)

Question. Does it make any difference whether Congress balances the budget using tax increases or spending cuts?

Answer. It makes a big difference. In the study cited above, LHM&A found that the highest gains from deficit reduction come from expenditure cuts. That is because increases in taxes create disincentives for labor and investment, mitigating some of the beneficial effects of deficit reduction on interest rates.

In the following table we report the results of two policy simulations conducted by LHM&A in which the budget is balanced, and compare it to the baseline case where policy is left as is.

The first column of results shows where the economy would be if no action were taken on balancing the budget (the "Baseline" scenario).

The second column shows where the economy would be if expenditures were cut by the entire amount necessary to balance the budget ("All Spending").

The final column shows the results of balancing the budget by raising spending and cutting expenditures by exactly the same amount ("Mix").

The two balanced budget scenarios assume that the Federal Reserve eases monetary policy enough to maintain the unemployment rate at the baseline level of 5.2%. The following table compares how the economy would look with and without deficit reduction by showing some of the results for the first five years.

THE ECONOMIC IMPACT OF BALANCING THE BUDGET

[The first 5 years of deficit reduction]

	No deficit reduction	Deficit reduction scenarios	
	Baseline	All spending	Mix
Levels in the fifth year:			
Federal deficit ($ bill)	−251	0	−1
3-month T-bill rate (%)	5.5	4.7	4.6
30-year Government bond yield (%)	6.9	5.7	5.8
AAA corp bond yield (%)	7.1	5.8	5.9
Average annual growth, first five years (%):			
Real GDP	2.6	2.8	2.7
Inflation	3.3	3.5	3.4
Real personal disposable income	2.3	1.7	1.5

Note: U.S. Chamber of Commerce, February 1994.

Notice how interest rates are significantly lower in the scenarios where the deficit has been reduced. This is the fuel for the higher lever of business investment. In fact, the inflation-adjusted value of the nation's plant and equipment (what economists call the real capital stock) is 2 percent higher after the first five years of deficit reduction, and 6 percent higher after ten years, when comparing the result of the "All Spending" scenario to the baseline. While those figures may sound small, they mean $120 billion worth of additional computers and manufacturing plants within five years, and $390 billion more in ten years. And it should be noted that the capital stock is almost 2 percent higher when the budget is balanced entirely through spending cuts rather than an equal mix of spending cuts and tax increases.

While inflation is a bit higher in the deficit-reduction scenarios (due to the Federal Reserve's cushioning), growth in real GDP (inflation-adjusted output) is stronger, on average, in the five-year period, as the deficit is reduced. Real personal disposable income grows at a slower rate (1.7 percent and 1.5 percent versus 2.3 percent) in the cases where the deficit is lowered. But note that it's stronger in the case where all of the deficit reduction comes from reductions in government spending. This shows that moving to a balanced budget will inflict some economic pain. The short-term pain is unavoidable, but it helps set the stage for stronger growth in the years after the deficit has been balanced.

Of course, the active participation of the Federal Reserve is an important component of LHM&A's simulations, and it comes with the price tag of slightly higher inflation. But the important point is that the model suggests a path that the economy can follow to get to a balanced budget without severe economic hardship.

Question. Most of the states have some sort of balanced budget requirement. What has been their experience?

Answer. According to the National Association of State Budget Officers, the application of the state experience to the federal experience is not clear-cut. The state balanced budget requirements are diverse and written so generally that they're subject to varying interpretations. According to their 1992 statement, the tradition of balanced budgets, rather than the enforcement provisions or the threat of lower bond ratings, plays the most important role in developing balanced budget.[8]

FOOTNOTES

[1] Mickey D. Levy, "Deficitphobia: Right for the Wrong Reasons," in Economic and Financial Perspectives, CRT Government Securities Ltd., New York, December 1993, pg. 1.

[2] Benjamin M. Friedman, "U.S. Fiscal Policy in the 1980s: Consequences of Large Budget Deficits at Full Employment," in Debt and the Twin Deficits Debate, James M. Rock, ed., Mayfield Publishing Company, 1991.

[3] Laurence H. Meyer & Associates, "Balancing the Budget by 1991: The Gramm-Rudman-Hollings Proposal," November 1985, pg. 5.

[4] Congressional Budget Office, "The Economic and Budget Outlook: An Update," September 1993, pgs. 26–29.

[5] Congressional Budget Office, "Federal Debt and Interest Costs," May 1993, pg. 92.

[6] Charles L. Schultze, "Of Wolves, Termites and Pussycats," The Brookings Review, Summer 1989, pgs. 26–33.

[7] Laurence H. Meyer & Associates, "Balancing the Budget: An Analysis of the Economic Effects of Deficit Reduction," prepared for the Chase Manhattan Bank, December 1992, pg. 1.

[8] National Association of State Budget Officers, "State Balanced Budget Requirements: Provisions and Practices," June 1992, pg. 3.

CHILD CARE AMERICA,
GOVERNMENT RELATIONS OFFICE,
Falls Church, VA, February 28, 1994.

Senator LARRY CRAIG,
Hart Building,
Washington, DC.

DEAR SENATOR CRAIG: On behalf of Child Care America, which represents the owners and directors of private and religious childcare centers nationwide, please accept our strong endorsement of the Balanced Budget Constitutional Amendment (S.J. Res. 41).

We firmly believe that the time has come for passage of such an amendment mandating a process of fiscal discipline.

Recent and past history has shown that statutory solutions to runaway deficit spending are insufficient and nonbinding. Furthermore, we strongly oppose the alternative measure being promoted by Senator Reid as non-responsive to the fiscal crisis that our nation is confronting.

We commend you for your leadership and note with strong approbation the 15–3 affirmative vote by which the Committee on the Judiciary passed the constitutional amendment.

Cordially,

Dr. WILLIAM J. TOBIN,
Director of Government Relations.

[From the Washington Times, Mar. 1, 1994]

BALANCED BUDGETS AND AMENDMENTS

George Mitchell and Robert Byrd are no doubt icing the champagne, anticipating a narrow win on the balanced budget amend-

ment vote that should take place on the Senate floor this afternoon. Mr. Mitchell, as Senate majority leader, has been working all the body's committee chairmen and Mr. Byrd, as chairman of the appropriations committee, has been putting the squeeze on every senator with a taste for pork. The astonishing fact is not that these two power brokers may manage to put off a balanced budget measure once again, but that almost two-thirds of the upper house does support the amendment. The senators know better than anyone, it seems, just how much chance there is for fiscal sobriety as long as their hands are not tied. By the time the votes are counted late today, perhaps the crucial two-thirds of senators will have declared, "Stop me before I spend again!"

Some of those still wavering may be concerned about the constitutional and procedural questions raised by Mr. Byrd, Mr. Mitchell et al. These are serious questions, even though they have been offered as stalking horses for those who want no crimps in the money hose. The two prime worries injected into the debate have been that the federal courts will end up making spending and taxing decisions, and that the minority in Congress will get a new de facto filibuster over all spending questions. Yet neither of these concerns will become a problem if the legislature just does what it should and passes balanced budgets.

If there is a constitutional amendment requiring a balanced budget, fiscal disputes will not end up in the courts unless the budget is out of whack. If Congress chooses to spend no more money than it has coming in, the amendment will not be violated and there will be no successful litigation. Yet the opponents of the amendment argue that budgets will inevitably and indefinitely be sent to court. This is an admission that the anti-amendment lawmakers not only have no intention of ever balancing the budget—amendment or no amendment—but can't even conceive of keeping the nation in the black.

This is also the lesson that comes from the second worry—that the minority will have new powers of obstruction. Under the amendment, deficit spending would only be allowed with a supermajority. Presumably, minority party lawmakers would have to be enlisted in such an effort. By withholding that support, argue Mr. Byrd and Mr. Mitchell, the minority party can hold the entire budget hostage, demanding all sorts of political ransom. But once again, this dire consequence is only possible if the budget being offered is in the red. No supermajority is needed to pass a balanced budget, and so as long as the congressional majority party is willing to be fiscally responsible, it has nothing to fear from the minority.

The doom and gloom being spouted by the old guard is nothing but an admission that they will never be serious about balancing the budget. This is the strongest case that can be made in favor of a balanced budget amendment. A vote against it is a vote against balanced budgets.

[From the Washington Times, Mar. 1, 1994]

A BALANCED BUDGET AMENDMENT AND THE TEMPTATIONS OF DENIAL

(By James Dale Davidson)

In economics, there are always those who say the obvious is untrue and the inevitable will never happen. So it is with the federal deficit. For two decades, advocates of fiscal reform have engaged in a futile argument about the future with those whose thoughts are not with the future, but with the past. At every stage of the debate, the opponents of the Balanced Budget Amendment have underestimated the costs and consequences of runaway deficits and dismissed the one decisive measure that might have brought them under control. As a result, the accumulated federal debt has skyrocketed from $466.3 billion to over $4.4 trillion—almost a ten-fold increase in only 20 years.

As deficits have compounded, real incomes have stagnated, and the benefits of prosperity have eluded an ever-larger percentage of our population, this is not a coincidence. Chronic deficits at ever-higher levels are compelling evidence that the political system is malfunctioning. Too many resources are being allocated to anachronistic programs that can no longer pay their way. The system has managed to avoid collapse only by liquidating much of the accumulated wealth of the Industrial Age. Literally trillions in federal spending were financed by writing down the national balance sheet.

Earlier in this century, when the structure of the economy was different than it is today, temporary deficits may have had stimulative effects. But no longer. There can be little dispute that the ability of the economy to generate an additional dollar of economic activity has plunged as the national debt has risen. This trend has been evident in each successive administration since that of President Kennedy. The increase of the gross debt during the Bush administration almost double the growth of nominal gross domestic product in the period—a far cry from the large multiplier effect claimed for deficit spending.

The Information Age is unfolding all around us as the Industrial Age dies. Physical boundaries are becoming superfluous, and a transaction can just as easily originate from the next continent as next door. Just as the old physical boundaries are fading away, so are the old barriers to upward mobility that previously limited those without capital. In a world where information generates wealth, anyone with the spirit to prepare himself can prosper. Those individuals empowered by information can define their own economic circumstances by using knowledge alone.

But rather than help prepare society to capitalize on the opportunities of this new era, government has responded with the politics of denial. The deficit is literally a dollars-and-cents measure of that denial; it reflects the trillions spent trying to hold onto the past. As the Information Revolution has gathered speed, the costs of this futile policy have multiplied. As William Nicklin has so aptly put it, "Rather than accept the relative advantage gained by the newly empowered, encouraging others to follow their example, and allow society to reconfigure itself to capture the vast new opportunities that could eventually enhance everyone, our government pursues programs that result in nothing more than wringing out what is left in the rag of prosperity."

Federal money is now spent not to facilitate the creation of jobs, but to place safety nets under people who are not equipped to prosper in the new era. The effect of covering people in safety nets is not to help the disadvantaged prepare themselves for a changed world, but to shroud understanding of their realistic choices and keep them tied to the past. The federal budget itself provides compelling evidence this is true. The growth of federal spending is outpacing the growth of the economy because dependency is mushrooming across a wide spectrum. Month after month, more Americans qualify for entitlements. The costs of providing these transfers is not only surging in absolute terms; it is progressively cannibalizing all other functions of government.

The deficit is a reflection of the politics of denial and its counter-productive effects on the economy. If all the money government spends on income redistribution really improved the economy, there would be strong positive feedback effects. Revenues would strengthen without massive tax increases. The deficits would be self-correcting rather than chronic. The fact that they are not shows that the system is not paying its way.

A strong balanced budget amendment is needed now. It is an important remedial step that can prevent the United States from slipping into the kind of constitutional crisis now confronting the three industrial nations that have depended most on deficit finance. Canada, Italy and Belgium all face active secessionist movements threatening to break them apart. Why? Because people do not like to be struck paying the bills of bankrupt governments, especially when much of the money has been spent in ways that produce little return.

During a time of economic transition, it is always easier for politicians to mortgage the future than to prepare for it. A Balanced Budget Amendment would make that harder, and that is precisely why it has engendered so much opposition. It would impose a reality check that can help catalyze the political process to move beyond the politics of denial. If the Congress and the president could not fund counterproductive policies by running down the balance sheet of the country, as they do today, they would have no choice but to revisit policies that cannot pay their way. Now, more than ever, this is necessary to prepare government and American society for the future.

[From Congressional Leaders United for a Balanced Budget, Feb. 4, 1994]

WHY THE BALANCED BUDGET AMENDMENT CONTAINS EFFECTIVE TAX LIMITATION AND SPENDING RESTRAINT

Consensus Language: After years of wrestling with various formulations, in June 1992 the principal sponsors of the leading Senate and House versions came together and arrived at the "Bipartisan, Bicameral Consensus Version" of the BBA embodied in S.J. Res. 41/H.J. Res. 103. This is the strongest version—indeed, the only version—with a realistic possibility of obtaining ⅔ majorities in both bodies.

S.J. Res. 41/H.J. Res. 103 is NOT a "simple" Balanced Budget Amendment; it DOES contain a meaningful tax limitation: If this BBA had been the law of the land in 1993, the Clinton tax increase would not have been. At one point, the reconciliation/tax bill passed the Senate 50–49, falling short of the "majority of the whole number" required in the BBA to raise taxes. In fact, this super-majority requirement has been the threshold for raising taxes included in every leading version of the amendment since 1981.

A balanced budget requirement ITSELF would promote tax limitation. As long as the power to deficit spend remains unrestrained, the deficit will be used as an excuse to raise taxes. A civic-minded public will be at least somewhat susceptible to this appeal for "shared sacrifice," while the higher taxes actually pay for more spending. In contrast, once a balanced budget becomes the norm, the public will see the clear, $1-for-$1 relationship between higher taxes and bigger government and reject those taxes. Therefore, even if it did not contain explicit tax

limitation language, the amendment would operate to limit tax increases.

A balanced budget requirement ITSELF would promote spending restraint. Federal spending escalates not just because the special interest political rewards for spending outweigh the generalized public interest in spending restraint. Without a Balanced Budget Amendment, there is no clear procedural OR political barrier to ever-spiralling spending—because it is the unlimited ability to borrow that creates the unlimited ability to spend without immediate consequence. In contrast, the amendment would perfect the democratic process, by visably reconnecting the demand for new spending with its true costs to taxpayers and the economy.

The experience of the States PROVES how requiring a balanced budget ALSO promotes restraint in taxing and spending. In 1992, the CATO Institute noted that 49 state governments have balanced budget requirements and found that: "From 1940 to 1990, state and local spending climbed from 12 to 14 percent of national income [while] federal spending climbed from 13 to 28 percent . . .. It is inconceivable that federal spending would have skyrocketed as it has if Congress had had to raise taxes every year to pay for its spending, as the states do." (National Review, June 8, 1992.)

Passage of the amendment will trigger an historic, nationwide "civics lesson": Congressional passage is only a prelude to the need to ratify the amendment in three-fourths (38) of the state legislatures. This means that we will see, in every state in the union, the most robust public debate about the appropriate size, scope, and functions of the federal government since the ratification of the original Constitution.

The Bipartisan Consensus language offers the best opportunity to effect a CHANGE that is good for the country: The most effective amendment is the one that passes. Votes in 1986, 1990, and 1992 demonstrate that, in both bodies of Congress, support for the BBA in plus-or-minus the necessary ⅔ majority by a hairsbreath. In contrast, in 1992, the Kasten substitute (requiring ⅗ votes to raise taxes) received only 33 votes in the Senate and not one Member of either body who voted against the BBA in 1992 did so because of tax limitation. The growing and increasingly united support for S.J. Res. 41/H.R.Res. 103 underlines the principle that the perfect should not be the enemy of the very good: The U.S. Chamber of Commerce, Citizens Against Government Waste, Citizens for a Sound Economy, and others that opposed or remained neutral on the consensus language in the past, due to tax limitation concerns, now support this version energetically.

[From the Congressional Leaders United for a Balanced Budget, Feb. 18, 1994]

DEAR COLLEAGUE: In the next few weeks, Congress will have the opportunity to take the historic step of passing a balanced budget amendment to the Constitution. As you make your decision on this amendment, we ask you to continue to consider the impact that the debt that we are amassing will have on our children and grandchildren. What kind of future can they expect if we do not bring our spiralling debt under control?

As the attached chart from CBO's January "Economic and Budget Outlook" makes abundantly clear, and to paraphrase Mark Twain, the reports of the demise of our deficit problem have been greatly exaggerated. While the deficit is expected to decline somewhat over the next two years, the tide of red ink will continue to grow dramatically through the end of this century and beyond. We do not believe that we should be satisfied with leaving our children a legacy of deficits in the range of $200–$300 billion and higher into perpetuity.

Continued deficit spending poses a clear threat to the standard of living of the next generation. CBO's budget projections under current policies are quite similar to the scenario described as the "muddling through option" in a report prepared by the non-partisan General Accounting Office. In that report, GAO cautioned that simply holding deficits to 3 percent of GDP "offers no escape either from progressively harder decisions or from an unacceptable economic future. It only postpones the date of a full confrontation with the underlying problem."

Reports using scare tactics, claiming that a balanced budget amendment will have a devastating effect on the economy are based on flawed methodology and ignore the economic benefits of balancing the budget. After analyzing the economic benefits of balancing the budget, GAO concluded that ". . . to build the foundation for a more productive nation in the future, it is essential that the budget process adopt a more future oriented focus. . . ." Now is the time to vote to brighten the future for generations to come by voting to send the balanced budget amendment to the states.

If you have any questions about the balanced budget amendment, you may contact either one of us or Damon Tobias (Craig, 4–2752), or Ed Lorenzen (Stenholm, 5–6605).

Sincerely,

LARRY CRAIG,
CHARLES STENHOLM.

[From Congressional Leaders United for a Balanced Budget]

THE ECONOMIC CONSEQUENCES OF MAINTAINING THE STATUS QUO IN BUDGET POLICY

According to the Congressional Budget Office, under current policies the deficit will bottom out at $166 billion in fy 1995 before increasing again, reaching $229 billion in 2000 and $365 billion in 2004. In 1995, the year in which the deficit is the lowest, the deficit will equal 2.2 percent of Gross Domestic Product. The deficit will rise as a percentage of GDP, reaching 2.5 percent of GDP in 2000 and continuing to increase to 3.3 percent of GDP by 2004. CBO's estimates do not extend beyond 2004. These projections hardly qualify as a success. The CBO estimates make it clear that while the deficit reduction enacted last year has improved the short-term deficit outlook, the deficit will remain at dangerously high levels into the future.

In June of 1992, the General Accounting Office released a study entitled Prompt Action Necessary to Avert Long-Term Damage to the Economy which warned that continued deficits are likely to seriously inhibit the growth of the economy under current and presently foreseeable economic conditions. The GAO stated that a failure to reverse current trends in fiscal policy "will doom future generations to a stagnating standard of living, damage U.S. competitiveness and influence in the world, and hamper our ability to address pressing national needs." The GAO set out several scenarios for budget policy, including one that is remarkably similar to current budget projections—reducing the deficit enough to hold annual deficits to approximately 3 percent of GDP. The GAO found that this scenario, which it called the "muddling through option" would not be sufficient to avoid the severe economic consequences of deficit spending. Among the conclusions that GAO reached:

Simply maintaining a deficit at three percent of GDP "offers no escape either from progressively harder decisions or from an unacceptable economic future. It only postpones the date of a full confrontation with the underlying problem."

If we continue on the current "muddling through" option, by 2005 "the amount of deficit reduction that will be required to limit the deficit to three percent of GDP will increase exponentially. By the year 2020, it will require a half a trillion dollars of additional deficit reduction each year just to maintain a deficit path of three percent of GDP.

"The muddling through path requires one to make harder and harder decisions just to stay in place, partly just to offset the growing interest costs that compound with the deficit * * * To select this path is to fend off the disaster of inaction, but it would lock the nation into many years of unpleasant and relatively unproductive deficit debates rather than debates about what government ought to do and should be done. It is death by a thousand cuts.

"While the implications for the economy of the muddling through approach are less devastating than the no action scenario, they still imply an economy that grows only slowly, with ominous implications for the ability to sustain both the commitments made to the retiring baby boomers and a satisfactory standard of living for the working age population in 2020 and beyond."

THE BUDGET OUTLOOK THROUGH 2004 (By fiscal year)

[In billions of dollars]

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues	1,251	1,338	1,411	1,479	1,556	1,630	1,706	1,783	1,868	1,958	2,054
Outlays: Discretionary	543	541	547	547	547	564	582	600	619	638	658
Mandatory:											
Social Security	318	335	352	370	388	408	429	450	473	497	523
Medicare	160	177	195	215	238	264	290	320	354	392	435
Medicaid	86	96	108	121	135	151	168	186	206	227	250
Civil Service and Military Retirement	62	65	67	70	73	78	81	85	89	92	96
Other	177	171	168	184	191	199	205	211	218	225	232
Subtotal	803	844	890	960	1,026	1,099	1,173	1,253	1,339	1,433	1,536
Deposit insurance	−5	−11	−14	−6	−4	−4	−3	−3	−2	−2	−2

THE BUDGET OUTLOOK THROUGH 2004 (By fiscal year)—Continued

[In billions of dollars]

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net interest	201	212	228	239	249	261	270	283	298	315	334
Offsetting receipts	−69	−77	−74	−78	−83	−86	−90	−94	−98	−102	−106
Total	1,474	1,509	1,577	1,661	1,736	1,834	1,931	2,039	2,156	2,282	2,419
Deficit	223	171	166	182	180	204	226	256	288	324	365
Deficit Excluding Deposit Insurance	228	182	180	189	184	208	229	258	290	326	367
Debt Held by the Public	3,462	3,642	3,822	4,021	4,218	4,441	4,686	4,961	5,268	5,611	5,995
As a percentage of GDP:											
Revenues	18.8	19.1	19.1	19.0	19.0	19.0	18.9	18.9	18.8	18.8	18.8
Outlays: Discretionary	8.2	7.7	7.4	7.0	6.7	6.6	6.5	6.3	6.2	6.1	6.0
Mandatory:											
Social Security	4.8	4.8	4.8	4.8	4.7	4.7	4.8	4.8	4.8	4.8	4.8
Medicare	2.4	2.5	2.6	2.8	2.9	3.1	3.2	3.4	3.6	3.8	4.0
Medicaid	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3
Civil Service and Military Retirement	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Other	2.7	2.4	2.3	2.4	2.3	2.3	2.3	2.2	2.2	2.2	2.1
Subtotal	12.1	12.0	12.1	12.3	12.5	12.8	13.0	13.3	13.5	13.8	14.1
Deposit insurance	−0.1	−0.2	−0.2	−0.1	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Net interest	3.0	3.0	3.1	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.1
Offsetting receipts	−1.0	−1.1	−1.0	−1.0	−1.0	−1.0	−1.0	−1.0	−1.0	−1.0	−1.0
Total	22.2	21.5	21.3	21.4	21.2	21.3	21.4	21.6	21.7	21.9	22.1
Deficit	3.4	2.4	2.2	2.3	2.2	2.4	2.5	2.7	2.9	3.1	3.3
Deficit Excluding Deposit Insurance	3.4	2.6	2.4	2.4	2.2	2.4	2.5	2.7	2.9	3.1	3.4
Debt Held by the Public	52.2	52.0	51.7	51.7	51.5	51.7	52.0	52.5	53.1	53.9	54.9

SOURCE: Congressional Budget Office.
[1] Less than 0.05 percent of GDP.

[From the Congressional Leaders United for a Balanced Budget, Feb. 18, 1994]

ALARMIST ATTACKS ON THE BALANCED BUDGET AMENDMENT

On February 14, the Treasury Department released a study projecting several "horror story" scenarios of the kinds of policy decisions the Administration foresees might be necessary if S.J. Res. 41/H.J. Res. 103, the Balanced Budget Amendment, is added to the Constitution. On February 17, the American Federation of State, County, and Municipal Employees released an analysis prepared by the Wharton Economics Forecasting Associates purporting to show the economic devastation and job loss that would result from balancing the budget. The "results" of these studies were broken down by state and on a dollars-per-person basis.

These studies actually send four messages: (1) Opponents fear the amendment will work; (2) The case against the amendment is so weak that opponents must resort to scare tactics; (3) The methodology used assumes an arbitrary, across-the-board approaches; and (4) The studies represent a failure to face up to long-term responsibilities and consequences.

(1) Opponents fear the amendment will work: Critics raise the spectre of what budget policy options might be considered to comply with a Balanced Budget Amendment. However, their arguments are directed against any deficit reduction that would be required to balance the budget.

Such arguments also ignore the costs to government services, program beneficiaries, and taxpayers of staying a course on which the federal debt increases by 73% to 90% over the next ten years, and annual spending on interest payments go up by two-thirds. As Senator Paul Simon has pointed out, every dollar spent on interest payments servicing the debt is a dollar that cannot go to valued programs.

Forcing the government to live within its means will require setting priorities and making some difficult decisions. This will not happen without the Amendment and it must happen to safeguard our future economic security.

(2) Scare tactics: As Rep. Olympia Snowe said in a recent Budget Committee hearing, people start pounding the table when they're losing the argument. Arguments like those in the Treasury and Wharton studies rely on alarming individuals and groups about how severely they might be impacted. However, even if federal spending continued to increase 2.8% a year, it would fall into balance with revenues (as projected in CBO's January baseline) by the year 2001. (Currently, spending is projected to grow 2.4% from FY 1994 to 1995 and an average of 4.6% a year through 2001.) In fact, both the Concord Coalition and the Heritage Foundation have reasonable, credible, and quite different plans to balance the budget by 2001.

If we act promptly, reasonable restraint, not massive spending cuts or tax increases, will take us to a balanced budget. However, CBO projects deficits again increasing rapidly after 1996. The longer we wait, the greater the pain of deficit reduction will become.

(3) Arbitrary, unrealistic methodology: Both studies assume that Congress and the President will abdicate their responsibility to set priorities and that deficit reduction would occur in an across-the-board manner. The Wharton study assumes that one-third of the deficit reduction will come from across-the-board tax increases. The Treasury study assumes numerous across-the-board approaches. The approach used in these studies implies that the President and Congress have no priorities and assumes that they would not set priorities within a balanced budget framework. The Treasury study manufactures per-program and per-beneficiary numbers that likely bear no resemblance to the decisions Congress and the President eventually will make.

This very lack of priority-setting is at the root of the $4.3 trillion national debt; today, marginal programs are funded because they never have to compete with essential programs. Under the amendment, Congress and the President would be faced with a fiscal and political imperative to set priorities. Government could promise no more than the people were willing to pay for and we would pay for all the government we demand.

Both studies inaccurately portray FY 2000 as the date by which the budget must be balanced. The Treasury study exaggerates the impact of its "cuts" by assuming virtually no action until 1997. It also portrays FY 2000 changes from the baseline in a way that misleadingly makes them look like a single, massive cut, rather than part of a phased-in package. Even using Treasury's numbers, the annual, incremental deficit reduction would average only $50 BILLION a year for 4 years. Stretching this out over 6 or 7 years would mean annual deficit reduction about equal to that scored for the Administration's 1993 budget reconciliation package. Obviously, once the amendment passes Congress, there would be every incentive to start on a gradual, reasonable "glide path" to a zero deficit.

Treasury acknowledges its "cuts are static in nature as no macroeconomic feed back . . . is assumed." Similarly, the Wharton study does not incorporate any of the positive economic effects of balancing the budget. Thus, the studies avoid discussing the long-term economic security, growth, and higher living standards that will result from balanced budgets and are at the core of the case for the amendment.

(4) Failure to project for, take responsibility for the long term: Even after enactment of last year's deficit reduction package, CBO projects the deficit bottoming out at $166 BILLION in FY 1996 and leaping back upward to $365 BILLION by FY 2004. Around FY 2002–2003, the deficit as a share of gross domestic product (GDP) would pass the 3% mark. The January CBO baseline resembles the "Muddling Through" scenario set out in GAO's 1992 report, Budget Policy: Prompt Action Necessary to Avert Long-Term Damage to the Economy. Under that scenario, by 2020, per capita GDP would be 7% lower and the federal debt three times larger than if the budget were balanced from the year 2001 on. Moreover, the annual deficit reduction required to maintain the deficit at 3% of GDP ("muddling through") would rise to more than $500 BILLION a year by FY 2020.

In contrast, Wharton looks only at the 2000–2003 period. Some economic models predict economic slowdowns during a "budget discipline" phase. But most models project robust intermediate- and long-term economic growth after a balanced budget is reached.

Approaches like those taken by Treasury and Wharton imply that Americans will find each and every federal program so indispensable, so sacred, that protecting every single program, every interest today, outweighs our children's standard of living and the government's ability to continue providing priority services and benefits in the coming years.

AN ECONOMIC ANALYSIS OF THE JEFFERSON ADMINISTRATION AND THE LOUISIANA PURCHASE

(By Dr. William A. Duncan)

SENATOR BYRD'S CHALLENGE

On February 22, 1994, Senator Byrd (D–WV) stated:

"Jefferson had the unique opportunity to add to the territory of this Nation the Louisiana territory, out of which all or part of 15 States of this Nation eventually were formed. . . . And so, there was an agreement that they pay $11¼-million, plus assuming $3¾-million of claims against France, making a total of $15 million. And so the Louisiana territory was purchased for $15 million.

"Did Jefferson pay it cash on the barrel head? No. They went into debt for it. And the Congress authorized the borrowing of that money from English and Dutch banks. So here we are with this President, whom we all honor and would love to emulate, borrowing the money. So he went into debt. So he said one thing and did another.

"Now, how big a debt was that $15 million? Well, in that day and time, the total Federal budget was $7.852 million. That was the total Federal budget, $7.852 million. That was the total Federal budget. But he went into debt $15 million, which was 1.9 times the Federal budget.

"Now, how would that budget and that debt equate as compared with today's budget and today's deficit?

"Well, $7.852 million being the total budgetary expenditures that year as compared with the budget of this year, which is $1.474 trillion. That is the total budget for this year."

ECONOMIC ANALYSIS OF LOUISIANA PURCHASE

This work is in response to the Senator's statements. His basic information is correct but his economic conclusions are grossly flawed. In addition, the kind of "investment" the Louisiana purchase represented is very different from the "investment" debt we are incurring today.

Appendix B contains the financial information available on the Louisiana Purchase. First, please note that the entire Louisiana Purchase, including interest, banker fees and commissions, and payments to U.S. citizens for claims against France comes to $23,527,872.57 in nominal 1804 to 1823 dollars. Most people are unaware that the Federal Government sold land at an average price of $1.59 per acre and by 1823 had received $31,972,691.09, a net profit of $8,444,818.52. These figures are from land sales alone and do not count the tax revenue generated by the addition of 306,573,740 acres to the nation's land area, the resources available for exploitation, the increased trade possible because of secure title to the port of New Orleans, and the future growth it made possible. Calculations show the Louisiana Purchase generated an internal rate of return of 41.27% and, based upon an interest rate assumption of 6%, had a net present value of $28,296,976.49 ($Nominal). Thus, far from being a great expense to the nation, it is one of the best investments that Mr. Jefferson and the U.S. Congress ever made. As Appendix C shows, the Louisiana Purchase was one of the major factors that allowed the Federal Debt to be paid down to $38,000 by 1834. In 1835, it was still $38,000, and has never been that low again.

Senator Byrd also made a common mistake when he compared the Louisiana Purchase price to the percentage of the Federal Budget then and today. When that comparison is used it grossly overestimates the cost of the Louisiana Purchase. That method assumes that outlays of the Federal Government remained constant as a percentage of Gross National Product. In fact, today's federal outlays are about 22.37% of GNP (Appendix C). In 1804, at the time of the Louisiana Purchase, Outlays were only 1.63% of GNP. Thus this methodology grossly overstates the burden of the Louisiana Purchase.

There is a better and more accurate methodology to use. It is described in detail in Appendix D. Gross National Product figures have been estimated for the 1800s back to the founding of our nation. It is much more accurate to look at these expenditures as a percentage of GNP for the time period and to compare these expenditures as a percentage of our GNP and their GNP.

If a ratio of GNP for 1993 and for 1804 is calculated, and this factor is multiplied by the price of the Louisiana Purchase, we actually paid about $224,553,455,066.92 ($1993), sold land worth about $298,691,678,996.01 ($1993) and made a net profit of $74,138,223,929.10 ($1993) within 20 years. We went on to sell an additional $132,190,127,913.30 ($1993) over the next 11 years, and still had 143,767,025.81 acres on the market for sale, and another 108,552,070.44 we hadn't put on the market yet. We'd only sold 35,214,955.40 acres of the states of Ohio, Indiana, Illinois, Missouri, Alabama, Mississippi, Louisiana, Arkansas, and Florida.

ACHIEVEMENTS OF THE JEFFERSON ADMINISTRATION

From the above discussion and the tables that follow, it is clear that Thomas Jefferson's purchase of the Louisiana Territory, with the tremendous internal rate of return and increased revenues that poured into the treasury, made it possible for the revolutionary war debt, and all other debts, to be completely paid off by 1834–1835. Madison and Monroe continued the Jeffersonian fiscal policies, as laid down by Mr. Gallatin, Secretary of the Treasury. A well thought out plan, economic growth spurred by the acquisition of the Louisiana Purchase and increased trade due to wars in Europe allowed the Jefferson administration to run surpluses each year of Mr. Jefferson's presidency. Mr. Jefferson reduced the total debt when he took office from $81,000,000 to $57,000,000 in nominal dollars. (See Appendix C & D). His administration did this at the same time he eliminated internal Federal taxes, rid the Mediterranean of the Barbary pirate threat in a war that lasted most of his presidency, and massively increased the size of our Navy (which allowed us to win the War of 1812).

CONCLUSION

The U.S. Congress would do well to follow Mr. Jefferson's example, balance the budget, and develop a plan to pay off the debt within 30 years. If they can find an investment with returns equal to the Louisiana Purchase, they should certainly spend the $224 billion to acquire it. Isn't that close to what we're paying on interest each year?

APPENDIX A: SENATOR BYRD'S SPEECH

Now, my friend Mr. Simon again refers to Thomas Jefferson. Well, Thomas Jefferson was one of my favorites, also. He was the town fiddler; he played the violin, and he was a great President. By my book, he is one of my favorite Presidents of all time, the sage of Monticello. But the Senator from Illinois continues to talk about Mr. Jefferson. I want to talk a little about Mr. Jefferson, also. Thomas Jefferson wrote a letter to John Taylor, who was a Senator from the State of Virginia. Jefferson wrote a letter to John Taylor on November 26, 1798, in which Jefferson said: "I wish it were possible to obtain a single amendment to our Constitution. I mean an additional article taking from the Federal Government the power of borrowing."

And then in 1789, September, he wrote the celebrated "The Earth Belongs To The Living" letter to James Madison. In that letter, he argued that no generation can contract debts greater than may be paid during the course of its own existence. Jefferson calculated that period of about 19 years.

So Jefferson's quotations have been made the underpinnings, to a very considerable extent, of the arguments that are propounded by my very able and lovable friend, Paul Simon, and others.

Jefferson was not at the convention. He was in Paris during the convention in 1787, and I wish at this point to quote James Madison. Madison is generally recognized to be the "Father of the Constitution." I do not know how many of my friends have read his notes from one end to the other. I have. James Madison, who is the father of the Constitution, believed differently on this subject.

One question that I would ask rhetorically of my friends is: If Jefferson believed that a nation should not incur debt; if he said, as he did say, "I wish it were possible to obtain a single amendment to our Constitution, taking from the Federal Government the power of borrowing," why did he not promote such an amendment to the Constitution? He was President from 1801 to 1809. Why did Jefferson not promote a constitutional amendment to carry out what he said in his letter to Senator John Taylor? Why did he not do it? He was President of the United States. He had the opportunity to press for such an amendment then.

Well, Jefferson had the unique opportunity to add to the territory of this Nation the Louisiana territory, out of which all or part of 15 States of this Nation eventually were formed. He hoped to purchase the Floridas, east and west Florida, and the Port of New Orleans. So he asked his Ambassador, Robert Livingston, to propose the purchase of the Floridas and New Orleans. Jefferson also sent James Monroe as an envoy to Paris to work with Livingston. Talleyrand suddenly, in essence, asked: How would you like to purchase all of the Louisiana territory, all of Louisiana? Well, our two envoys there were not sure that they were constitutionally authorized to do that. But they felt that the Congress and the President would certainly approve it, because this was a magnificent opportunity to add to the length and breadth of the United States.

And so, there was an agreement that they pay $11¼ million, plus assuming $3¾ million of claims against France, making a total of $15 million. And so the Louisiana territory was purchased for $15 million.

Did Jefferson pay it cash on the barrel head? No. They went into debt for it. And the Congress authorized the borrowing of that money from English and Dutch banks. So here we are with this President, whom we all honor and would love to emulate, borrowing

the money. So he went into debt. So he said one thing and did another. And I am glad that he did.

Now, how big a debt was that $15 million? Well, in that day and time, the total Federal budget was $7.852 million. That was the total Federal budget, $7.852 million. That was the total Federal budget. But he went into debt $15 million, which was 1.9 times the Federal budget.

Now, how would that budget and that debt equate as compared with today's budget and today's deficit?

Well, $7.852 million being the total budgetary expenditures that year as compared with the budget of this year, which is $1.474 trillion. That is the total budget for this year.

Well, how much would the additional deficit be to add to our mountain of debt if a similar purchase were made today?

The purchase in that instance was 1.9 times the Federal budget. A like purchase today being 1.9 times the Federal budget of $1.474 trillion would amount to $2.815 trillion.

Now how would that be to suddenly add to the debt and to the deficit if this year in one transaction we added $2.815 trillion? That would be a whopper, would it not?

Well, that is what Jefferson took on. He made a purchase. He went into debt for the territory, the purchase amounting to 1.9 times the total Federal budget. Well, that would perhaps lend a little perspective to the view.

Well, let us see what Madison says about this business of going into debt. Madison, as Father of the Constitution, said: "The improvements made by the dead form a charge against the living who take the benefit of them." Meaning the improvements made by the people of today form a charge against the living of the next generation or the next several generations—"form a charge against the living who take the benefit of them." The living, the future generations, take the benefit of the improvements made by the leaders and the people of today.

Madison went on to say: "Debts may be incurred for purposes which interest the unborn"—Jefferson must have though that—interest the unborn as well as the living." "Debt may be incurred for purposes which interest the unborn as well as the living; such are debts for repelling a conquest, the evils of which may descend through many generations."

So we should give greater weight to Madison's view. Why? One, because he is recognized as the Father of the Constitution; and, two, because Jefferson did exactly what he said he did not believe we ought to do. So he said one thing and did another. And I am glad he did. And I am sure that he was glad that he did.

So we should give greater weight to Madison's view that debts will be incurred principally for the principal of posterity. Jefferson's view was an abstract idea that was written in a letter from European shores.

And particularly compelling is Madison's salient observation of the year of 1790 that "the present debt of the United States . . . far exceeds any burden which the present generation could well apprehend for itself."

Now, Jefferson grappled with this contradiction. Elected in later years, he grappled with this contradiction. He referred to the question. He said. "The question was easy of solution in principle but somewhat embarrassing in practice."

So Jefferson was embarrassed when he was confronted with this statement or these statements of his with reference to debt and saying that we should not go into debt beyond our own ability to pay and our own generation and all that. He was confronted with that statement and also in the light of his actions in purchasing the Louisiana territory and going into debt for that territory.

So he suggested that the laws of necessity were sometimes higher than the written laws of Government and concluded that it would be absurd—now this is Jefferson talking—he concluded that it would be absurd to sacrifice the end to the means.

Well, so much for Jefferson on that point.

Appendix B: Table 1 - Analysis of Louisiana Purchase: 1804-1834

Economic Analysis of the Louisiana Purchase

... the Amount of Lands, Sold & Unsold,in the States and Territories, September 30, 1834 , No 1270, 23D Congress, 2D Session, P 529 532

Table 1: Aggregate Amounts paid by purchasers of public land from 1822 through 1834 in states of the Louisiana Purchase

	Total Sales 1804 -1834	Sales 1804 - 1822	1822 - 1834
Total $Curr	$55,847,216.29	$29,499,287.00	$26,347,929.29
Acres, Total	306,573,740.00		
Acres, Sold	35,214,955.40	Present Value $Nom@6%	$28,296,976.49
Acres, Unsold on Mkt	143,767,025.81	Internal Rate of Return	41.27%
Acres, Not on Market	108,552,070.44		
Average Price Per Acre	$1.59	$13,827.47	as %$1993

*States include OH, IN, IL, MO, AL, MS, LA, MI, AR, FL

	Income Land Sales $Curr	Outlays $Curr	Interest $Curr	Total Outlays + Interest	$Current Income-Expenses=Profit
1804			$3,235.25	$3,235.25	($3,235.25)
1805	$1,638,849.28	$1,873,634.49	$675,000.00	$2,548,634.49	($909,785.21)
1806	$1,638,849.28	$1,873,634.49	$675,000.00	$2,548,634.49	($909,785.21)
1807	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1808	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1809	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1810	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1811	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1812	$1,638,849.28	$218,200.00	$675,000.00	$893,200.00	$745,649.28
1813	$1,638,849.28	$108,300.00	$675,000.00	$783,300.00	$855,549.28
1814	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1815	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1816	$1,638,849.28		$675,000.00	$675,000.00	$963,849.28
1817	$1,638,849.28	$631,800.00	$427,368.34	$1,059,168.34	$579,680.94
1818	$1,638,849.28	$4,909,575.00		$4,909,575.00	($3,270,725.72)
1819	$1,638,849.28	$1,471,058.72		$1,471,058.72	$167,790.56
1820	$1,638,849.28	$1,771,173.78		$1,771,173.78	($132,324.50)
1821	$1,638,849.28	$2,132,102.50		$2,132,102.50	($493,253.22)
1822	$1,638,849.28	$5,290.00		$5,290.00	$1,633,559.28
1823	$850,136.26	$2,500.00		$2,500.00	$847,636.26
					$953,799.63
Subtotal 1804-1823	$30,349,423.26	$14,997,268.98	$8,530,603.59	$23,527,872.57	$6,821,550.69
			Total Interest Paid	LP Total $Curr	

Note: 1805/1806 Outlays are for Claims payments
Note: 1804 Interest is Commissions

1824	$953,799.63
1825	$1,205,968.37
1826	$1,128,617.27
1827	$1,318,105.36
1828	$1,221,357.99
1829	$1,572,863.54
1830	$2,433,432.94
1831	$3,557,023.76
1832	$3,115,376.09
1833	$1,972,284.84
1834	$2,996,596.01
Total Additional Land Sales after Payoff	$21,475,425.80

Present Value $Nom@6%
$28,296,976.49

Internal Rate of Return
$Nominal
0.41271112889978

1804	($3,235.25)
1805	($909,785.21)
1806	($909,785.21)
1807	$963,849.28
1808	$963,849.28
1809	$963,849.28
1810	$963,849.28
1811	$963,849.28
1812	$745,649.28
1813	$855,549.28
1814	$963,849.28
1815	$963,849.28
1816	$963,849.28
1817	$579,680.94
1818	($3,270,725.72)
1819	$167,790.56
1820	($132,324.50)
1821	($493,253.22)
1822	$1,633,559.28
1823	$847,636.26
1824	$953,799.63
1825	$1,205,968.37
1826	$1,128,617.27
1827	$1,318,105.36
1828	$1,221,357.99
1829	$1,572,863.54
1830	$2,433,432.94
1831	$3,557,023.76
1832	$3,115,376.09
1833	$1,972,284.84
1834	$2,996,596.01

Total Additional Land Sales after Payoff

	Total Outlays + Interest/%$1993GNP	Land Sales/%$1993GNP	Factor/%$1993GNP	
1804	$38,143,536.91	$0.00	11789.98	
1805	$27,104,426,442.34	$17,428,968,286.31	10634.88	8719.03219952
1806	$26,347,816,837.22	$16,942,445,362.06	10338.01	
1807	$7,534,926,861.70	$18,294,236,215.42	11162.85	
1808	$9,218,435,466.38	$22,381,668,601.95	13656.94	
1809	$8,465,535,358.57	$20,553,683,716.13	12541.53	
1810	$7,227,378,826.53	$17,547,532,696.42	10707.23	
1811	$7,327,066,810.34	$17,789,567,630.17	10854.91	
1812	$9,883,046,080.84	$18,133,478,427.94	11064.76	
1813	$7,915,793,426.97	$16,561,716,252.80	10105.70	
1814	$6,062,337,731.81	$14,718,900,464.33	8981.24	
1815	$5,233,619,150.25	$12,706,834,021.55	7753.51	
1816	$4,976,228,044.50	$12,081,907,758.19	7372.19	
1817	$7,872,922,070.12	$12,181,758,235.53	7433.12	
1818	$37,879,837,945.77	$12,644,545,619.48	7715.50	
1819	$12,283,242,761.69	$13,684,282,792.44	8349.93	
1820	$16,998,543,357.95	$15,728,581,136.43	9597.33	
1821	$22,114,328,706.14	$16,998,268,905.27	10372.08	
1822	$47,308,304.69	$14,656,177,877.13	8942.97	
1823	$22,517,346.21	$7,657,124,996.45	9006.94	
Subtotal 1804-1823	$224,553,455,066.92	$298,691,678,996.01		
	Net Profit/%$1993GNP>>>>>>>>	$74,138,223,929.10		
	(See Appendix A for Explanation)			
1824		$7,995,977,896.85	8383.29	
1825		$8,932,465,837.96	7406.88	
1826		$8,038,014,750.37	7122.00	
1827		$9,560,591,740.50	7253.28	
1828		$8,728,134,734.78	7146.25	
1829		$10,942,003,224.65	6956.74	
1830		$16,420,716,800.96	6747.96	
1831		$20,870,911,499.90	5867.52	
1832		$16,981,766,715.35	5450.95	
1833		$9,566,417,187.92	4850.42	
1834		$14,153,127,524.05	4723.07	
	Sales Total as %$1993GNP	$132,190,127,913.30		

(Formula for %$1993GNP is 1/$NominalGNP)*(GNP$1993)*$Nominal

Prepared by Dr. William A Duncan (703) 497-0549

APPENDIX C: TABLE 2.—U.S. BUDGET, GNP AND RATIOS: 1789–1835 AND 1990–93

Year	Receipts (Nominal)	Outlays (Nominal)	Deficit (Nominal)	Debt (Nominal)	GNP (Nominal)	Receipts as percent of GNP	Outlays as percent of GNP	Deficit as percent of GNP	Debt as percent of GNP
1789				$73,000,000	$158,000,000	0.00	0.00	0.00	46.20
1790				75,000,000	188,000,000	0.00	0.00	0.00	39.89
1791				77,000,000	199,000,000	0.00	0.00	0.00	38.69
1792	$3,670,000	$5,080,000	($1,410,000)	80,000,000	227,000,000	1.62	2.24	(0.62)	35.24
1793	4,653,000	4,482,000	171,000	78,000,000	239,000,000	1.95	1.88	0.07	32.64
1794	5,432,000	6,991,000	(1,559,000)	81,000,000	291,000,000	1.87	2.40	(0.54)	27.84
1795	6,115,000	7,540,000	(1,425,000)	84,000,000	352,000,000	1.74	2.14	(0.40)	23.86
1796	8,378,000	5,727,000	2,651,000	82,000,000	404,000,000	2.07	1.42	0.66	20.30
1797	8,689,000	6,134,000	2,555,000	79,000,000	397,000,000	2.19	1.55	0.64	19.90
1798	7,900,000	7,677,000	223,000	78,000,000	381,000,000	2.07	2.01	0.06	20.47
1799	7,547,000	9,666,000	(2,119,000)	83,000,000	421,000,000	1.79	2.30	(0.50)	19.71
1800	10,849,000	10,786,000	63,000	81,000,000	459,000,000	2.36	2.35	0.01	17.65
1801	12,935,000	9,395,000	3,540,000	81,000,000	528,000,000	2.45	1.78	0.67	15.34
1802	14,996,000	7,862,000	7,134,000	77,000,000	490,000,000	3.06	1.60	1.46	15.71
1803	11,064,000	7,852,000	3,212,000	80,000,000	488,000,000	2.27	1.61	0.66	16.39
1804	11,826,000	8,719,000	3,107,000	82,000,000	534,000,000	2.21	1.63	0.58	15.36
1805	13,561,000	10,506,000	3,055,000	76,000,000	592,000,000	2.29	1.77	0.52	12.84
1806	15,560,000	9,804,000	5,756,000	69,000,000	609,000,000	2.56	1.61	0.95	11.33
1807	16,398,000	8,354,000	8,044,000	65,000,000	564,000,000	2.91	1.48	1.43	11.52
1808	17,061,000	9,932,000	7,129,000	57,000,000	461,000,000	3.70	2.15	1.55	12.36
1809	7,773,000	10,281,000	(2,508,000)	53,000,000	502,000,000	1.55	2.05	(0.50)	10.56
1810	9,384,000	8,157,000	1,227,000	48,000,000	588,000,000	1.60	1.39	0.21	8.16
1811	14,424,000	8,058,000	6,366,000	45,000,000	580,000,000	1.72	3.56	(1.84)	9.84
1812	9,801,000	20,281,000	(10,480,000)	56,000,000	569,000,000	1.72	3.56	(1.84)	9.84
1813	14,340,000	31,682,000	(17,342,000)	81,000,000	623,000,000	2.30	5.09	(2.78)	13.00
1814	11,182,000	34,721,000	(23,539,000)	100,000,000	701,000,000	1.60	4.95	(3.36)	14.27
1815	15,729,000	32,708,000	(16,979,000)	127,000,000	812,000,000	1.94	4.03	(2.09)	15.64
1816	47,678,000	30,587,000	17,091,000	123,000,000	854,000,000	5.58	3.58	2.00	14.40
1817	33,099,000	21,844,000	11,255,000	103,000,000	847,000,000	3.91	2.58	1.33	12.16
1818	21,585,000	19,825,000	1,760,000	96,000,000	816,000,000	2.65	2.43	0.22	11.76
1819	24,603,000	21,464,000	3,139,000	91,000,000	754,000,000	3.26	2.85	0.42	12.07
1820	17,881,000	18,261,000	(380,000)	90,000,000	656,000,000	2.73	2.78	(0.06)	13.72
1821	14,573,000	15,811,000	(1,238,000)	94,000,000	607,000,000	2.40	2.60	(0.20)	15.49
1822	20,232,000	15,000,000	5,232,000	91,000,000	704,000,000	2.87	2.13	0.74	12.93
1823	20,541,000	14,707,000	5,834,000	90,000,000	699,000,000	2.94	2.10	0.83	12.88
1824	19,381,000	20,327,000	(946,000)	84,000,000	751,000,000	2.58	2.71	(0.13)	11.19
1825	21,841,000	15,857,000	5,984,000	81,000,000	850,000,000	2.86	1.93	0.93	8.37
1826	25,260,000	17,036,000	8,224,000	74,000,000	868,000,000	2.65	1.86	0.79	7.72
1827	22,966,000	16,139,000	6,827,000	67,000,000	868,000,000	2.65	1.86	0.79	7.72
1828	24,764,000	16,395,000	8,369,000	58,000,000	881,000,000	2.81	1.86	0.95	6.58
1829	24,828,000	15,203,000	9,625,000	49,000,000	905,000,000	2.74	1.68	1.06	5.41
1830	24,844,000	15,143,000	9,701,000	39,000,000	933,000,000	2.66	1.62	1.04	4.18
1831	28,527,000	15,248,000	13,279,000	24,000,000	1,073,000,000	2.66	1.42	1.24	2.24
1832	31,866,000	17,289,000	14,577,000	7,000,000	1,155,000,000	2.76	1.50	1.26	0.61
1833	33,948,000	23,018,000	10,930,000	5,000,000	1,298,000,000	2.62	1.77	0.84	0.39
1834	21,792,000	18,628,000	3,164,000	38,000	1,333,000,000	1.63	1.40	0.24	0.00
1835	35,430,000	17,573,000	17,857,000	38,000	1,633,000,000	2.17	1.08	1.09	0.00
1990	1,031,308,000,000	1,252,691,000,000	(221,383,000,000)	3,206,347,000,000	5,567,800,000,000	18.52	22.50	(3.98)	57.59
1991	1,054,264,000,000	1,323,011,000,000	(268,747,000,000)	3,598,993,000,000	5,737,100,000,000	18.38	23.06	(4.68)	62.73
1992	1,090,500,000,000	1,380,900,000,000	(290,000,000,000)	4,002,669,000,000	6,045,800,000,000	18.04	22.84	(4.80)	66.21
1993	1,153,500,000,000	1,408,200,000,000	(255,000,000,000)	4,410,475,000,000	6,295,850,000,000	18.32	22.37	(4.05)	70.05

Appendix D: Explanation and Table 3—U.S. Budget and GNP as %1993GNP 1789–1835 and 1990–1993 As a Ratio of Nominal GNP to 1993 GNP expressed in $1993

When we examine records from the 18th and 19th century, it is difficult for a reader to conceive of the difficulty people had in, as an example, 1804, earning $1. When we examine the Federal Budget of the day, a total debt of 81,000,000 seems like an easy burden, yet they spoke of this debt as a great hardship that needed to be paid to protect future generations. Adjusting these dollars for inflation still does not correctly reflect the burden, because our economy's capacity to produce $1 of output is much greater today than it was then. For example, if we adjust the above debt for inflation using (CPI–U), we get $789,933,333. A total National Debt of $789 million, when our debt in 1993 was $4.41 trillion seems trivial.

There is a way of correcting for this problem, however. It is to take into account the economy's productive capacity, the ability of the economy to produce $1 of output and compare that to our ability to produce $1 of output today. This is determined by the following formula:

%1993GNP Factor=(1 divided by GNP$Nominal Current Year) (GNP for 1993 in $1993)

GNP or GDP can be used almost interchangeably. Early in our Nation's history, the only number that has been calculated is GNP.

This formula provides us with a factor that we can use to multiply against any dollar amount of the time periods for which you have $US and Gross National Product (GNP). It represents the equivalent percentage of GNP between the two time periods expressed in $1993. This factor allows us to get a feel for the equivalent burden the economy faced in producing $1 of output in their time and how many dollars that could feasibly represent today.

It is always important to remember that GNP prior to 1890 is extrapolated from available records of the time and GNP only becomes reasonably precise in the 1929 time frame when the Federal Government began to compile reasonably accurate records. GNP figures prior to 1890 are the best estimates historical economists have been able to determine, based upon available data, records, and social structure.

When these factors are applied to dollars of the time period, and this series is examined over the history of our Nation, they appear to be empirically valid. When they spoke of the great Federal Debt burden in 1804, their trivial $82,000,000 in nominal dollars becomes $966,778,464,419 ($1993). That is a much heavier burden, but still less than our $4,410,475,000,000 today. As Senator Byrd recently stated, they planned to pay any debt they created within 19 years. The Louisiana Purchase, as Appendix B

TABLE 3—U.S. BUDGET AND GNP AS PERCENT 1993 GNP

Year	Receipts percent 1993, GDP	Outlays percent 1993, GNP	Deficit percent 1993, GNP	Debt percent 1993 GNP	GNP dollar nominal
1789				$2,908,842,088,608	$158,000,000
1790				2,511,642,287,234	188,000,000
1791				2,436,082,663,317	199,000,000
1792	101,787,530,837	140,893,911,894	(39,106,381,057)	2,218,801,762,115	227,000,000
1793	122,571,506,485	118,066,944,351	4,504,562,134	2,054,712,552,301	239,000,000
1794	117,522,533,333	151,251,846,564	(33,729,313,230)	1,752,453,092,784	291,000,000
1795	109,372,507,813	134,859,968,750	(25,487,460,938)	1,502,418,750,000	352,000,000
1796	130,560,968,564	89,248,348,886	41,312,619,678	1,277,870,544,554	404,000,000
1797	137,795,064,610	97,276,432,997	40,518,631,612	1,252,826,574,307	397,000,000

TABLE 3—U.S. BUDGET AND GNP AS PERCENT 1993 GNP—Continued

Year	Receipts percent 1993, GDP	Outlays percent 1993, GNP	Deficit percent 1993, GNP	Debt percent 1993 GNP	GNP dollar nominal
1798	130,543,871,391	126,858,898,819	3,684,972,572	1,288,914,173,228	381,000,000
1799	112,861,710,095	144,550,323,278	(31,688,613,183)	1,241,224,584,323	421,000,000
1800	148,809,753,050	147,945,616,776	864,136,275	1,111,032,352,941	459,000,000
1801	154,236,401,042	112,025,588,542	42,210,812,500	965,840,625,000	528,000,000
1802	192,678,707,347	101,016,270,816	91,662,436,531	989,347,857,143	490,000,000
1803	142,740,336,885	101,301,258,607	41,439,078,279	1,032,106,557,377	488,000,000
1804	139,428,318,539	102,796,846,723	36,631,471,816	966,778,464,419	534,000,000
1805	144,219,631,503	111,730,067,736	32,489,563,767	808,251,013,514	592,000,000
1806	160,859,484,401	101,353,880,788	59,505,603,612	713,322,906,404	609,000,000
1807	183,048,489,894	93,254,487,411	89,794,002,482	725,585,549,645	564,000,000
1808	233,001,077,766	135,640,742,299	97,360,335,466	778,445,661,605	461,000,000
1809	97,485,342,729	128,939,509,661	(31,454,166,932)	664,701,294,821	502,000,000
1810	100,476,626,531	87,338,857,908	13,137,768,622	513,946,938,776	588,000,000
1811	156,571,276,552	87,468,895,345	69,102,381,207	488,471,120,690	580,000,000
1812	108,445,739,631	224,404,453,163	(115,958,713,533)	619,626,713,533	569,000,000
1813	144,915,712,681	320,168,731,461	(175,253,018,780)	818,561,556,982	623,000,000
1814	100,428,237,803	311,837,671,683	(211,409,433,880)	898,124,108,417	701,000,000
1815	121,954,956,466	253,601,800,246	(131,646,843,781)	984,695,751,232	812,000,000
1816	351,491,260,304	225,493,166,218	125,998,094,087	906,779,332,553	854,000,000
1817	246,028,735,714	162,369,005,195	83,659,730,519	765,611,038,961	847,000,000
1818	166,539,120,404	152,959,836,091	13,579,284,314	740,688,235,294	816,000,000
1819	205,433,418,501	179,222,976,658	26,210,441,844	759,843,965,517	754,000,000
1820	171,609,899,162	175,256,885,442	(3,646,986,280)	863,759,908,537	656,000,000
1821	151,152,260,379	163,992,890,198	(12,840,629,819)	974,975,123,558	607,000,000
1822	180,934,143,750	134,144,531,250	46,789,612,500	813,810,156,250	704,000,000
1823	185,011,523,391	132,465,044,278	52,546,479,113	810,624,463,519	699,000,000
1824	162,476,523,103	170,407,114,447	(7,930,591,345)	704,196,271,638	751,000,000
1825	161,773,717,471	117,450,933,471	44,322,784,000	599,957,470,588	850,000,000
1826	179,901,777,149	121,330,430,543	58,571,346,606	527,028,167,421	884,000,000
1827	166,578,906,797	117,060,740,956	49,518,165,841	485,969,988,479	868,000,000
1828	176,969,840,409	117,162,838,536	59,807,001,873	414,482,746,879	881,000,000
1829	172,721,948,950	105,763,323,260	66,958,625,691	340,880,276,243	905,000,000
1830	167,646,406,645	102,184,412,165	65,461,994,480	263,170,578,778	933,000,000
1831	168,382,770,690	89,467,959,739	77,914,810,951	140,820,503,262	1,073,000,000
1832	173,700,048,571	94,241,515,714	79,458,532,857	38,156,666,667	1,155,000,000
1833	164,662,184,746	111,647,053,390	53,015,131,356	24,252,118,644	1,298,000,000
1834	102,925,103,676	87,981,315,679	14,943,787,997	179,476,594	1,333,000,000
1835	136,596,427,128	67,750,748,347	68,845,678,781	146,504,776	1,633,000,000
1990	1,185,257,603,000	1,439,687,786,733	(254,430,183,733)	3,684,977,872,379	5,567,800,000,000
1991	1,174,208,659,246	1,473,531,271,558	(299,322,612,312)	4,008,453,997,449	5,737,100,000,000
1992	1,151,088,349,756	1,457,623,018,962	(306,112,445,144)	4,225,057,912,727	6,045,800,000,000
1993	1,139,357,228,585	1,390,934,416,379	(251,873,509,570)	4,356,399,282,829	6,295,850,000,000

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[From Congressional Leaders United for a Balanced Budget]

QUESTIONS AND ANSWERS ABOUT THE BALANCED BUDGET CONSTITUTIONAL AMENDMENT S.J. RES. 41/H.J. RES. 103

Question. Shouldn't economic policy be kept out of the Constitution?

Answer. Economics is politics and vice-versa. Governance inescapably involves addressing questions of economics. Moreover, our Constitution is replete with economic policy. For example, it refers to private property rights; prescribes Congressional (and Executive) roles in federal fiscal activities such as raising revenue, spending, and borrowing; provides for uniform duties, imposts, and excises; discusses the regulation of interstate commerce; discusses the coinage and value of money; and deals with counterfeiting, patents, and other economic issues. The test is not whether or not an amendment is economic policy, but whether it encompasses broad and fundamental principles, its relevance is not transitory, and its importance is far-reaching in scope and over time. The need for a BBA and the proposal of S.J.Res. 41/H.J.Res. 103 in response meet this test.

Question. Of what use is a BBA in today's atmosphere of impending fiscal crisis, if it won't be in force for several years?

Answer. (A) A BBA is a long-term proposition. It should be adopted because it is a valid response to a long-term and structurally inherent problem. (2) It's long-term nature not withstanding, even a BBA that is not in effect for several years will prompt deficit-reduction actions in anticipation of its being in place. Therefore, submission of the amendment to the states would stimulate an immediate response in federal fiscal behavior.

Question. Why do so many economic analyses project devastating results under a BBA?

Answer. Those that do generally assume either (1) that a balanced budget would be imposed quickly or even immediately, with little or no transition, or (2) that the requirement for balance will be adhered to without exception and that Congress (and the President in his or her recommendations) will not exercise it prerogatives under a flexible amendment to enact counter-cyclical measures. This amendment will not go into effect until, at the earliest, two years after ratification. Once passed through both houses, we would hope that Congress would recognize the impending deadline and act to meet that date by which the budget must be balanced. By allowing a multi-year phase in, we believe any such "drastic" economic effects would be diminished, if not erased. This amendment has the flexibility to address economic emergencies through the 3/5 release vote on balancing the budget. This allows Congress and the President to act in response to circumstances such as a rescission or some other emergency, while insuring that such a decision is made in a fiscally responsible manner.

Question. Wouldn't adopting a BBA result in cutbacks in services for the poor and needy, for senior citizens, for health and housing programs, and even possibly for defense programs?

Answer. The BBA itself would do none of these things. It would force the Executive and Legislative Branches to priorities within a balance of receipts and outlays and force into the light of day what actual decisions and trade-offs are necessary. If this does not result in cutbacks of government programs, it will ensure that we pay for all the government we want.

Question. Since "the BBA itself would do none of these things," isn't it just a "political free lunch," raising false hopes while diverting attention from the real and difficult budget decisions that need to be made?

Answer. Far from that, S.J. Res. 41/H.J. Res. 103 would force Congress, the President, and the public to own up to the hard choices that need to be made. It is general because most provisions in the Constitution, encompassing broad principles as they do, should be broadly worded. But its result will be to make unavoidable the asking of those questions some in elective office have avoided: How much government do we want? How willing are we to pay for it? Which programs should be priorities?

Question. Won't a constitutional requirement of a "balanced budget" simply invite moving some items off-budget?

Answer. S.J. Res. 41/H.J. Res. 103 does not require that a single document, a "budget," be written in balance. Instead, it deals with actual spending and taxing bills, and how actual outlays conform to estimated receipts. Taking any item "off-budget" would have absolutely no effect on the operation of S.J. Res. 41/H.J. Res. 103.

Question. Wouldn't the temptation remain great to commit some other evasion, such as manipulating the definitions of terms used in the BBA?

Answer. Terms such as "outlays", "receipts," "debt held by the public", and "raising revenue" either already appear in the Constitution or are commonly understood. In the 99th Congress, Senate Reports 99–162 and 99–163 and Senate floor debate on S.J. Res. 225, and in the 101st Congress, the House floor debate, went to some lengths to establish a legislative history for and preventing misinterpretation of these and other terms as used in a BBA. This year the House Budget Committee complied a formidable amount of testimony on all sides. It also remains the

appropriate role of the Members engaged in floor debate this year to build similarly clear definitions.

Question. Won't the BBA be unenforceable in other ways, causing erosion of respect for other Constitutional provisions as well?

Answer. To a certain extent, the provisions of S.J.Res. 41 / H.J.Res. 103 are self-enforcing or interactively enforcing. Effective enforcement and orderly implementation certainly are expected in the form of enabling legislation; Members such as the former Chairman of the Budget Committee have served notice most effectively in that regard. Beyond that, enforcement either is implied by the ramifications of stalemate or inaction or, to a very limited degree, could be obtained in the courts.

The Constitution requires Congress and the President to take the necessary steps to carry out Constitutional mandates. Congress is empowered to make all laws that are "necessary and proper to execute the mandate of the constitution." The President and Members of Congress take only one oath, promising to "preserve, protect and defend the constitution." It is assumed that Congress and the President will monitor each other and to the limits of their authority enforce the provisions of the amendment against the other.

The public will also have a significant role. A breach of the amendments' provisions would be readily apparent, and if a breach occurs a political firestorm very likely would erupt from the public. Public accountability is provided for in the provision that requires any vote to run a deficit to specify which outlays are "excess."

Finally, as a last resort, the judicial branch may act to insure that the Congress and President do not subvert the amendment. A member of Congress or an appropriate Administration official probably would have standing to file suit challenging legislation that subverted the amendment.

Question. Wouldn't S.J.Res. 41 / H.J.Res. 103 dangerously and inappropriately transfer power to the courts in a whole new area by opening up to court challenge on Constitutional grounds virtually every budgetary decision made by Congress (and the President)?

Answer. The courts could make only a limited range of decisions on a limited number of issues. They could invalidate an individual appropriation or tax Act. They could rule as to whether a given Act of Congress or action by the Executive violated the requirements of this amendment. Indeed, a limited role is appropriate: In the words of Marbury v. Madison, the Judiciary has a fundamental obligation to "say what the law is."

But it would be inappropriate for the courts, and it would be inappropriate to call upon the courts, to rewrite budget priorities and fiscal law. Senate Reports 99–162 and 99–163 and the accompanying Senate debate once again provide much guidance, this time as to how the "political question" doctrine of Baker vs. Carr, 369 U.S. 186 (1962), the requirement to a justiciable case or controversy (see e.g., Aetna Life Insurance Co. vs Haworth, 300 U.S. 227 (1937), and questions of standing would prevent the floodgates of litigation from opening upon the process in place under a suitable BBA. For example, Riegle v. Federal Open Market Committee, 656 F.2d 873 (DC Cir. 1981), "counsel[led] the courts to refrain from hearing cases which represent the most obvious intrusion by the judiciary into the legislative arena: challenges concerning congressional action or inaction regarding legislation."

The traditional judicial doctrine of "standing" requires that a plaintiff has a direct and specific, personal stake or injury. A "generalized" or "undifferentiated" public grievance, such as would suggest "taxpayer" standing vis-a-vis macroeconomic policy decisions, is not recognized.

Most questions that will arise as to compliance or enforcement will either be resolved through enabling legislation or will arise during policy-making events that trigger the self-enforcing mechanisms in the BBA (i.e., ⅗ vote to pass an increase the debt that results from a deficit in a given year) or currently in place (i.e., threat of government shutdown if a legislative deadlock persists).

Finally, absolutely no role for the courts is foreseen beyond that of making a determination as to whether an Act of Congress or an Executive action is unconstitutional and a court order not to execute such Act or action. A purely restraining role is anticipated for the courts and could be guaranteed by Congress in appropriate legislation specifying standing, jurisdiction, and remedies.

Question. If the judiciary is involved, couldn't a case drag on for years past the fiscal year in question, making every case moot?

Answer. The courts have shown an ability and willingness to expedite their processes in an emergency. Recent examples are the reapportionment cases involving Massachusetts and Montana that went all the way to the Supreme Court and were resolved in a matter of months. Congress could further ensure expeditious handling, for example, giving the Supreme exclusive and original jurisdiction over cases arising under the BBA.

Question. What if Congress, ignoring the provisions in S. J. Res. 41/H. J. Res. 103, nevertheless passes appropriations in excess of revenues?

Answer. The general charge that actual outlays not exceed receipts creates a general obligation for Congress and the Executive to construct a statutory framework to enforce and implement the BBA, in advance of its effective date. Indeed, such legislation would be essential in managing the budget down its "glide path" to an eventual balance. The ultimate form of such legislation could include a revised Gramm-Rudman-Hollings type sequester, an enhanced Pay-as-you-go mechanism, or some other process reforms.

The language of Section 1 also creates an ongoing obligation to monitor outlays and receipts and make sure that outlays do not breech receipts. This does not envision any sort of discretionary "impoundment" power on the part of the President or courts. However, the Executive branch would be under an obligation to estimate whether outlays will occur faster or at higher levels than expected and to notify Congress promptly. If an offsetting rescission is not enacted or other appropriate legislative action not taken, then the President would be bound, at the point at which the government "runs out of money," to stop issuing checks (unless, of course such exigencies already have been accounted for in enforcement and implementation legislation in advance).

The deterrent of a budgetary "train wreck" always exists to motivate responsible budgeting: either the possibility of a government shutdown or of the need to round up ⅗ of both Houses to pass a debt increase bill without any "blackmail amendments." (For example, Gramm-Rudman-Hollings was a "blackmail amendment" attached to a debt ceiling bill in 1985, when 51 Senators refused to pass a "clean" bill.)

Question. What is to prevent Congress and the President from drastically over-estimating revenues and then declaring, "oops," when outlays and receipts are unbalanced at the end of the fiscal year?

Answer. If such a scenario occurred, Congress would have to pass a debt ceiling increase by a three-fifths vote. The debt provision provides a powerful incentive for truth-in-budgeting. Any such mis-estimates will catch up rapidly with its authors within a year. A transparent mis-estimate would be subject to the very public process of budget-making. Congress and the President would avoid a widely publicized "mistake" because of its political impact.

Question. Why is S. J. Res. 41/H. J. Res. 103 as introduced, different from previous BBA versions, in that it requires a ⅗ vote to raise the limit on federal "debt held by the public", rather than the "public" or "gross" debt?

Answer. When the Social Security and other trust funds run surpluses, those surpluses are invested in U.S. Treasury securities, meaning they are borrowed by the U.S. Treasury and the "public debt" (approximately the same as the "gross federal debt") is increased by that amount. Such borrowing is an intra-governmental transfer between accounts, and does NOT increase the "debt held by the public." Since the intent of the debt limit vote in the BBA is to enforce the amendment and deter deficits, the "debt held by the public" is the closest currently-used and commonly-understood measure of indebtedness that approximates the amount that indebtedness has been increased because of total deficit spending. In other words, H. J. Res. 290 was not meant to "punish" Congress by requiring a difficult ⅗ vote just because trust funds are running a surplus.

Question. What if a law enacted in the good faith belief which is revenue-neutral turns out to increase revenues?

Answer. As with other laws that may be challenged on Constitutional grounds, if it were shown that Congress and the President acted in good faith and had a reasonable basis for projecting revenue-neutrality, the law would not be struck down. What if a bill provides for both increases and decreases in revenues? S.J. Res. 41/H.J. Res. 103 refers to a "bill to raise revenue." The clear intent is to look to the overall revenue effect of a bill.

Question. What effect would S.J. Res. 41/H.J. Res. 103 have if in the process of building a "consensus deficit-reduction bill," revenue increases were combined with spending reductions?

Answer. S.J. Res. 41/H.J. Res. 103 differs from some previous BBAs in that it does not require a "vote directed solely to that subject" in the case of increasing revenues. Certainly, most of the sponsors of S.J. Res. 41/H.J. Res. 103 would not object to such language. However, as currently written, S.J. Res. 41/H.J. Res. 103 simply would require the authors and managers of such a combination bill to make a strategic decision as to whether they preferred to offer separate revenue and spending-cut bills or to subject the spending-cut provisions tied to the revenue-raising provisions in a single bill, with a need to pass by a majority of the whole membership.

Question. Couldn't the various super-majority requirements in S.J. Res. 41/H.J. Res. 103 thwart the wills of majorities in both Houses and the President?

Answer. Yes. Such is also the case with Senate filibusters, Gramms-Rudman-Hollings points of order, and other procedures today. As is the case with all super-majority requirements in the Constitution (or in law), the purpose is to protect the immediate rights of a significant minority, and argu-

ably the long-term rights of the people, against a "tyranny of the majority," a phrase frequently invoked by the nation's Founders. In the case of S.J. Res. 41/H.J. Res. 103, a sufficient structural bias exists for deficit spending and against accountability in tax decisions that compensating super-majority protections are warranted. Moreover, it is noteworthy that the super-majority levels involved are reasonable and modest.

Question. Shouldn't the federal government have the flexibility to enact counter-cyclical economic measures?

Answer. Yes, and this flexibility is preserved in S.J. Res. 41/H.J. Res. 103 by allowing Congress to spend in excess of revenues if three-fifths of the members agree that deficit spending is warranted. What the amendment would do is mitigate against the structural bias to spend and borrow (and raise taxes somewhat in preference to restraining spending) in good times as well as bad. In restoring this level playing field, S.J. Res. 41/H.J. Res. 103 strikes a reasonable balance between requiring fiscal responsibility and allowing flexibility.

Question. Should the Constitution dictate such details as the budgetary period (fiscal year)?

Answer. Some such reasonable parameters are necessary to provide for an enforceable amendment. Again, the authors are receptive to perfecting changes, although it is important that whatever parameter is used is not susceptible to subterfuge (e.g., merely including a term like "fiscal period" to be defined in statute). Senate Reports 99–162 and 99–163 suggested using "fiscal year," but allowed that a reasonable statutory re-definition could include a biennial "year."

Question. Doesn't S.J. Res. 41/H.J. Res. 103 imply that the President would have enhanced powers to block spending based on a pretext of unconstitutionality?

Answer. A frequent criticism of previous BBA proposals has been that the President is not brought into the budget process sufficiently to share the responsibility of governing and the blame of impasse, although the President can criticize the Congress that "holds the purse strings." S.J. Res. 41/H.J. Res. 103 recognizes the accepted role the President has played under statute since the 1920's, by requiring the President to submit a balanced budget. The President must also share fiscal and political responsibility with Congress for S.J. Res. 41/H.J. Res. 103's joint receipts estimate. But beyond the role in that new joint estimate, S.J. Res. 41/H.J. Res. 103 does not broaden in any way the powers of the President. On the other hand, it does make the President more accountable for how the budget process proceeds.

SECTION-BY-SECTION ANALYSIS OF THE BIPARTISAN, BICAMERAL CONSENSUS BALANCED BUDGET AMENDMENT TO THE CONSTITUTION S.J. RES. 41 / H.J. RES. 103

Section 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each house of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

This section sets forth the general rule of this Article, and the central principle to be observed and enforced, that the Government of the United States shall not live beyond the means provided for it by the true sovereign, the people.

Therefore, this section establishes, as a norm of federal fiscal policy and process, that the government's spending should not exceed its income. While popularly—indeed, universally—referred to as requiring a "balanced budget", its mandate is both simpler and more comprehensive, requiring a balance (or surplus) of cash inflows relative to cash outflows.

Any departure from the general rule in this section and its guiding principles should be an extraordinary event, based on a compelling need. As is commonly the case with constitutionally established parameters for the legislative process, no attempt is made to enumerate all the circumstances that might justify deficit spending; if a three-fifths supermajority of each House of Congress believes an emergency, crisis, or urgency exists (and if the President concurs), it does. This formulation makes the option of deficit spending both difficult to exercise yet available when a fairly strong national consensus exists.

DETAILED ANALYSIS

"Total outlays" and "total receipts" are defined below in Section 7.

". . . fiscal year . . ." is intended as a term defined in statute and having no other, specific, constitutional standing. It is a commonly understood term in both private and public usage. While the definition of a fiscal year could be changed from time to time, the concept is sufficiently well understood that a blatant attempt to contravene the intent of the amendment would not be acceptable.

For example, creation of a "transition fiscal year" of 18 months to facilitate reforms in the budget process clearly would be consistent with the amendment. On the other hand, legislation purporting to implement the amendment that promised to balance the budget for the "fiscal year 1998-2008" (and, presumably, with little or nothing in the way of procedural discipline in the early portion of that "year"), clearly would be unconstitutional. Certainly, a simple "rule of reason" would be applied to any statutory definition of a "fiscal year".

". . . shall not . . ." is a term readily obvious in its intent, spirit, and application. It is mandatory language simply meaning you may not. Saying that "Total outlays . . . shall not exceed total receipts" states both the goal to be pursued and the yardstick by which successful compliance with this amendment is measured. It prohibits fiscal behavior intended or reasonably likely to produce a deficit within a fiscal year.

". . . three-fifths of the whole number of each House of Congress . . ." indicates the minimum proportion (60%) of the total membership of each House needed to approve expenditures producing a deficit. Currently, this would mean 60 of the 100 Senators and 261 of the 435 Representatives.

The term ". . . whole number . . ." is derived from, and intended to be consistent with, the use of the phrase in the 12th Amendment of the Constitution, "two-thirds of the whole number of Senators" (which is set as the quorum necessary for the purpose of electing the Vice President in case no candidate receives an Electoral College majority).

". . . shall provide by law . . ." both states a simply consistency with other provisions of the Constitution and clarifies a difference between the deficit spending provided for under this amendment and a deficit planned for in a Congressional Budget Resolution.

Article I, Section 7, Clause 3 of the Constitution states: "Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States" for signature or a veto. Clearly, a vote by both Houses that results in deficit spending would be such a vote.

However, an additional reason for adding this clarifying language is that such a vote might easily be confused with the deficit that may be estimated in a budget resolution, which currently is not presented to the President. While budget resolutions are Concurrent Resolutions generally passed by both Houses, concurrence is not necessary, since budget resolutions actually fall under the "Rules of its Proceedings" that "(e)ach House may determine" under Article I, Section 5, Clause 2. This is because budget resolutions merely set target amounts for subsequent budget decisions made within each House. (The ultimate decisions requiring concurrence, appropriations, other direct spending bills, or revenue bills, are presented to the President.) In fact, the House often has proceeded to act pursuant to a House-passed budget resolution in prior to and in lieu of House-Senate agreement on a single resolution.

Obviously, the ⅗ vote on permitting a deficit under this amendment is not a determination of an internal rule in either House, but has direct and immediate consequences external to the rules of either House. Therefore, the words "by law" state what normally would be obvious, but which might be confusing here, due to current budget resolution procedures.

". . . a specific excess of outlays over receipts . . ." means that the maximum amount of deficit spending to be allowed must be clearly identified. Thus, enforcement of the amendment through the political process will be facilitated by improving elected officials' accountability to the public. The specific excess which is provided for by law would not apply to outlays in more than one fiscal year and may, in fact, apply to an excess that occurs over a shorter period, such as the remainder of a fiscal year when the law is enacted mid-year.

Ensuring such accountability is a cornerstore of the Balanced Budget Amendment, and restores the public's general—and diffuse—interest in fiscal responsibility to an equal competitive footing with the special interests who demand programmatic spending and tax preferences. Today, federal officials can reap the rewards of satisfying the incremental demands of special interests without ever having an individual decision identified as a decision that results in a deficit. This informational imbalance is corrected by the mandate in Section 1 that deficit spending can not occur without a specific identification of the amount.

Section 2. The limit on the debt of the United States held by the public shall not be increased unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote.

No section of this Article should be read in isolation, especially Section 1. Section 2 provides the essential mechanism which not only enforces an honest budgeting process in pursuit of the general rule and principle stated in Section 1, but also will operate to make the amendment self-enforcing. Section 2 is the backstop to prevent the use of gimmicks or other devices to circumvent the requirements of the amendment.

This Section is inspired by the often-quoted desire expressed by Thomas Jefferson, in his November 26, 1798 letter to John Taylor:

"I wish it were possible to obtain a single amendment to our constitution. I would be willing to depend on that alone for the reduction of the administration of our govern-

ment to the genuine principles of its constitution; I mean an additional article, taking from the government the power of borrowing."

The authors here have drawn from recent experiences of the government and modern economic theory to reach a compromise with then-Vice President and later President Jefferson: Section 2 takes from the government the power of borrowing, unless three-fifths of the total membership of both Houses votes to approve a specific increase in the amount that may be borrowed.

Section 2 provides strong enforcement, indeed, for the provisions of Section 1. When the government runs a deficit, that necessitates additional borrowing to meet its obligations. Failure to authorize that level of borrowing could, in a worst-case scenario, result in a default by the government of the United States. Treasury securities might not be redeemed. Government services could be threatened with a shutdown, subject to the availability of receipts.

Today, such a consequence is occasionally threatened when an impasse within Congress or between Congress and the President jeopardizes passage of essentially ministerial legislation raising the statutory limit on the public debt by a simple majority. Under this amendment, the threat of default would loom when the government runs a deficit, thus providing a powerful incentive for balancing the budget.

The simple threat of default does not fully explain the way Section 2 will operate to enforce the fiscal norm of balancing outlays and receipts. Because a debt-increase bill represents an admission of failure of enormous magnitude, passage is always a difficult matter. Any effort to circumvent the requirement of the amendment will be clearly exposed when the debt limit must be raised to cover any deficit spending.

Under current law, Members of Congress not infrequently have rounded up 50% plus one of the Members of one House to threaten to push the government to the brink of insolvency unless a pet amendment is added to this must-pass legislation, despite consistent efforts by the Administration and the Congressional leadership of both parties in both Houses to pass a "clean" debt bill. This "debt bill blackmail", in fact, was the tactic used to enact the original Gramm-Rudman-Hollings law of 1985.

By lowering the "blackmail threshold" associated with passage of the regular debt limit bill from 50% plus one in either body to 40% plus one, Section 2 increases the motivation of the Administration and the Leadership, including the Chairs of the relevant committees, to do whatever is necessary, legislatively and cooperatively, even to the point of balancing the budget, to avoid facing such a difficult debt vote.

It is in no way the intent of the authors and supporters of this amendment that a default or shutdown should happen. However, the threat of such consequences is analogous to the deterrence effect of fines or legal damages in other situations.

Because borrowing, and increases in any limits on cumulative borrowing, must be enacted in law, Section 2 makes the amendment effectively self-enforcing. Such legislation usually involves large enough numbers of dollars to be borrowed that extensions of authority to borrow generally are used up in a year or so. The current statutory limit on the public debt, enacted as a part of the Budget Enforcement Act late in 1990 and allowing borrowing into 1993, is very much an exception in this regard; this lengthy term of borrowing, not quite three years, was made possible only by the status of the Act as an extraordinary, five-year plan. Virtually no elected official can stand the political heat of supporting a huge, multi-year increase in the government's level of indebtedness. This simple political dynamic will ensure that the self-enforcement provided by Section 2 occurs frequently enough to be effective.

Finally, when three-fifths of both Houses have "gutted up" and, under Section 1, voted explicitly for a specific excess of outlays, there is no intent in this amendment to "punish" them by later forcing a second three-fifths vote on the debt limit. Both decisions can be approved by the same, single, three-fifths vote in the same legislation.

DETAILED ANALYSIS

". . . debt of the United States held by the public" . . . is a widely used and understood measurement tool. The Congressional Budget Office's January 1993 Economic and Budget Outlook: Fiscal Years 1994–1998 book, in its Glossary, defines "Debt held by the public" simply as: "Debt issued by the federal government and held by nonfederal investors (including the Federal Reserve System)." On page 58 of the same volume, CBO further explains, "Debt held by the public which represents the government's demand for credit, is the most useful measure of federal debt." The current, widely used and accepted meaning of "debt held by the public" is intended to be the controlling definition under this Article.

The "debt held by the public" differs from the gross federal debt in that the latter, according to CBO, "includes the securities (about $1 trillion and climbing) issued to government trust funds." The gross debt is the "close cousin" (per CBO) of the "public debt."

The Congressional Research Service's Manual on the Federal Budget Process, December 24, 1991, in its glossary, defines "Public debt" as: "Amounts borrowed by the Treasury Department or the Federal Financing Bank from the public or from another fund or account. The public debt does not include agency debt (amounts borrowed by other agencies of the Federal Government). The total public debt is subject to a statutory limit."

A requirement of a three-fifths vote on the "public debt" has been used in some previous formulations of the Balanced Budget Amendment. The use, here, of "debt held by the public" is a refinement based on a 1990 recommendation by the Administration and subsequent review by the authors of the implications of using the different measures of debt. "Debt held by the public" has been chosen for two reasons:

First, as pointed out by CBO, common sense suggests that the most appropriate benchmark to use is the federal government's borrowing from all non-federal-government sources.

Second, the purpose of this section is to motivate an avoidance of deficits. When the Social Security or other federal trust funds run surpluses, this does not cause total outlays to exceed total receipts and the government does not increase its borrowing from non-government sources. Therefore, Congress and the President should not be forced to surmount the three-fifths vote hurdle on debt bills if they have not run a deficit and increased net federal borrowing. Section 2 matches the benchmark used in the enforcement process to the policy objectives desired.

"The limit on the debt . . . held by the public . . ." obviously assumes the establishment of a new statutory limit on this measure of federal borrowing. This limit may be established in addition to, or as a replacement for, the current statutory limit on the public debt. Article I, Section 8 of the Constitution simply says, "The Congress shall have Power . . . To borrow Money on the Credit of the United States. . . ." The exact process of carrying out this power is left up to the Congress to provide for by law.

When establishing a new statutory limit on the debt held by the public (which will require a three-fifths vote to increase), Congress may or may not wish to continue to set by statute a limit on the public debt. The fact that a simple majority could continue to be required to pass such a public debt limit would not, in any way, create procedural or legal conflicts. At times when a trust fund surplus necessitates an increase in the public debt, such action would become more ministerial and less difficult than currently is the case. Increases in both limits certainly could be contained in the same bill that is passed by a three-fifths vote.

Section 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year in which total outlays do not exceed total receipts.

In Section 3, the amendment extends to the President's annual budget the same norm of fiscal balance expected of the Congress. The current statutory requirement that the President submit a budget is codified in the Constitution to ensure that the President remains engaged with Congress in the budget process. Of course, this requirement of submission of a single document in no way alters the current constitutional balance of powers or separation of responsibilities. It also is perfectly consistent with the current constitutional provisions that the President "shall . . . recommend to [Congress'] Consideration such Measures as he shall judge necessary and expedient" (Article II, Section 3).

DETAILED ANALYSIS

"Prior to each fiscal year . . ." was retained in Section 3 because of the long-understood legislative principle that deadlines certain can be set, and in fact are commonly expected to be set, for specific actions by the Executive. Currently, the deadline for submission of the President's budget is set by statute and occurs well in advance of the fiscal year for which it is written. Such statutory provisions are, and will remain, consistent with Section 3.

". . . a proposed budget . . ." means a document similar, in broad terms, to that which is regularly submitted under current law. The amendment in no way restricts the discretion of Congress to enact changes in what is or is not required in such a budget, as long as the document remains useful for the purposes of planning federal spending activities.

". . . in which total outlays do not exceed total receipts." Per se, a "budget" is a document in which all relevant future numbers are planned, recommended, projected, estimated, or assumed. This is true, as a matter of definition, of all documents called "budgets," public or private. Therefore, no qualifiers are added to this language in Section 3, such as "estimated receipts" or "recommended outlays". To include such terms would be redundant at best, and inadvertently confusing or limiting at worst.

Section 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

The purpose of this section is to increase the accountability of Members of Congress

when they consider legislation to increase revenue, in light of the amendment's requirement to balance receipts and outlays. The increased pressure the amendment will create for fiscal discipline may increase temptation to shield a certain amount of legislative decision-making from public view. Tax bills have been known to pass, occasionally, by voice vote.

The enhanced "tax accountability" (or, more precisely, accountability with regard to passage of bills to increase federal revenue) provided by the unvarying requirement for a rollcall vote, is supplemented by the requirement that such bill also shall not become law unless passed by a majority of the whole number of each House.

The rollcall vote and voting requirements will serve to maintain a level playing field between the public's more general and diffuse interest in restraining the government's appetite for revenues and the more focused pressure that special interest groups can apply for individual spending programs.

DETAILED ANALYSIS

"No bill . . . shall become law unless . . ." is drafted in the negative to conform to the style used in Article I of the Constitution, in phrases such as, "No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census . . ." and "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law. . . ."

". . . revenue . . ." has the same meaning here as in Article I, Section 7, which states, "All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills."

". . . bill to increase revenue . . ." means legislation making policy changes in the government's exercise of its sovereign power to tax or otherwise compel payments to the government. "Revenues" and "receipts" are largely synonymous, but not always so, especially when being use prospectively. Both are expressed in terms of quantities of dollars flowing into the Treasury. However, "revenue" is more closely connected to the tax rates, tax base, Customs rates, or other policy criteria formulated to produce inflows of receipts. A "receipt" is a more purely and more comprehensive quantitative concept. For example, a bill to step up Internal Revenue Service enforcement of current tax laws and enhance collection of taxes currently going uncollected definitely would result in increased receipts, but would not be "a bill to increase revenue," and therefore, not subject to the requirement of a majority of the whole House for passage. ("Receipts" are further defined under Section 7.)

". . . majority of the whole number of each House . . ." means, under current law, never less than 218 votes among the 435 Members of the House of Representatives and never less than 51 votes in the Senate, which numbers 100 Members. The "whole number of each House" is defined under Section 1, above.

This language is not intended to preclude the Vice President, in his or her constitutional capacity as President of the Senate, from casting a tie-breaking vote that would produce a 51-50 result. This is consistent with Article I, Section 3, Clause 4, which states: "The Vice President of the United States shall be President of the Senate, but shall have no Vote, unless they be equally divided." Nothing in Section 4 of the substitute takes away the Vice President's right to vote under such circumstances. The language requires (in today's Senate of 100) 51 votes to pass a revenue-increasing bill, not the votes of 51 Senators. Obviously, in a 51-50 vote, 51 still constitutes a majority of the whole number of 100. Also obviously, while the Vice President could turn a 49-49 tie into a 50-49 result, this would not constitute a majority of the whole number.

Section 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

This section reaffirms the traditional priority presumptively attached to matters of national self-defense. In such cases, especially when the Congress and the President have taken an action as extraordinary as declaring war, financing that effort should proceed unimpeded by any requirement of additional, extraordinary votes.

DETAILED ANALYSIS

The first sentence of Section 5, or a virtually identical counterpart, has been a fixture in almost every major version of the Balanced Budget Amendment over the years. Consistent with Article I, Section 7, Clause 3, such a simple majority vote to waive this Article would have to be presented to the President for his or her approval.

The second sentence recognizes that, for most of the military conflicts in which the United States has engaged, there was not a formal declaration of war. Nevertheless a sufficient self-defense interest is present in such situations that a Section 1 supermajority should not be required to fund such an engagement. Further definition of the criteria set forth for the "majority of the whole number" waiver in Section 5 is not needed, since the Section requires simply that the joint resolution required for the waiver declare such conditions to be present.

Section 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

This section places a requirement on Congress to adopt legislation necessary, appropriate, and reasonable to enforce and implement the Balanced Budget Amendment. There is no need—and arguably it would be a bad idea—explicitly to foreclose the possibility of judicial interpretation or enforcement. However, this language further tilts presumptions of such responsibilities toward extremely limited court involvement. This language also is intended to prevent the possibility of an interpretation that could shift the current balance of power among the branches in favor of the Executive.

DETAILED ANALYSIS

"The Congress shall enforce and implement . . ." differs from clauses included in several other amendments that state, "The Congress shall have power to enforce. . . ." This latter clause has been employed only where there was concern that the question could arise as to whether Congress had the power to pre-empt state laws or constitutions or was venturing impermissible beyond its constitutionally enumerated powers and into the rights reserved to the states or the people.

Here, no such question of pre-emption is conceivable. Congress clearly has the power to enforce and implement this Article, under the "necessary and proper" clause in Article I, Section 8, which states: "The Congress shall have Power . . . To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof."

This section creates a positive obligation on the part of Congress to enact appropriate implementation and enforcement legislation. As a practical matter, this language simply requires what is inevitable and predictable. It is a simple statement that, however well-designed, a constitutional amendment dealing with subject matter as complicated as the federal budget process needs to be supplemented with legislation. It is a means of owning up to the truth in the arguments made by many Members of Congress—both supporters and opponents—that Members must expect to do more than cast this one vote to pass this one amendment, to ensure that deficits are brought down and, ultimately, eliminated.

The inclusion of a positive obligation to legislate does not make the Article more difficult to enforce, nor is it without precedence in the Constitution. Article I, Section 2, Clause 3 provides: "Representatives and direct Taxes shall be apportioned among the several States . . according to their respective Numbers, which shall be determined by . . . [an] actual Enumeration . . . made within three Years . . . and within subsequent Term of ten Years, in such Manner as they shall by Law direct. . . . The critic who today asks, "What if Congress just doesn't enact implementing and enforcing legislation?" would be the counterpart of the critic who might have asked in 1787, "What if Congress just doesn't authorize or appropriate for a Census, if, in their own self-interest, they don't want the current apportionment to be changed?" In this case, it manifestly would be in Congress' own best interest to enact legislation ensuring a complete and clearly-defined budget process consistent with the Balanced Budget Amendment.

". . . which may rely on estimates of outlays and receipts." This phrase allows Congress the flexibility in explicit language that it will need in practical effect, to make reasonable decisions and use reasonable estimates, when appropriate, as a means of achieving the normative result required in Section 1. To some extent, this phrase, too, states the obvious, that the process of budgeting and taxing and spending involves relying on estimates. "Estimates" means good faith, responsible, and reasonable estimates made with honest intent to implement Section 1 and not evade it.

The estimates contemplated in Section 6 do not apply in any way to a determination of the amount of debt referenced in Section 2. "Debt" there means actual, not estimated, debt.

Section 1 provides the standard by against which compliance with the amendment is measured. Section 6 clarifies that implementation and enforcement legislation may provide for the use of reasonable and appropriate estimates in the process of complying with Section 1. Section 6 is intended to support, strengthen, and aid the effectiveness of the other provisions of the amendment. This provision also will provide additional insurance against intrusion by the courts into the finer details of questions of compliance with the amendment.

Section 6 must not be interpreted in any way that would weaken or allow evasion of any other provision of this amendment. Over the course of the fiscal year, outlays may not exceed receipts. To the extent that any

reasonable and lawful action can be taken to prevent an excess, it must be taken. On the other hand, for example, a brief dip in receipts or jump in outlays need not trigger a sequester, rescission, or other offsetting action if there it is reasonable to assume that such a "glitch" will be offset naturally in the near-term by normal economic or budgetary fluctuations.

In order to allow for an unexpected increase in outlays without triggering a three fifths debt vote under Section 2, it would be necessary that the actual debt held by the public be held below the debt limit, by a sufficient amount to offset the amount by which actual receipts or outlays may differ from estimated receipts or outlays.

It also should be noted that outlays are both more predictable and more controllable than receipts. Therefore, the handling of outlays necessarily must be held to a stricter standard than the treatment of receipts. To be more specific, of course, is difficult until the actual design of implementation and enforcement legislation emerges. In all cases, the standard to be applied to the accuracy and adjustment of estimates is to be a rule of reason.

HISTORY OF THE "ESTIMATES OF OUTLAYS AND RECEIPTS" LANGUAGE IN SECTION 6

Section 1 of H.J. Res. 290, as originally introduced in the 102nd Congress, and as it came to the floor of the House of Representatives in June 1992, read: "Prior to each fiscal year, the Congress and the President shall agree on an estimate of total receipts for that fiscal year by enactment of a law devoted solely to that subject. Total outlays for that year shall not exceed the level of estimated receipts set forth in such law, unless three-fifths of the whole number of each House of Congress shall provide, by a rollcall vote, for a specific excess of outlays over estimated receipts."

Secton 1 of S.J. Res. 298, as introduced in the 102nd Congress, was substantively the same, and read: "Prior to each fiscal year, an estimate of total receipts for that fiscal year shall be determined by enactment of a law devoted solely to that subject. Total outlays for that year shall not exceed the level of estimated receipts set forth in such law, unless three-fifths of the whole number of each House of Congress shall provide, by a rollcall vote, for a specific excess of outlays over estimated receipts."

Just prior to House consideration in 1992, key House and Senate sponsors of H.J. Res. 290, S.J. Res, 18 (reported by the Committee on the Judiciary), and S.J. Res. 298 negotiated a bicameral, bipartisan, consensus version of the Balanced Budget Amendment. That version was adopted on the House floor as a substitute for H.J. Res. 290, although the measure narrowly fell short of the necessary two-thirds majority on final passage.

S.J. Res. 41/H.J. Res. 103 in the 103rd Congress is virtually identical to the bicameral, bipartisan, consensus version negotiated in the summer of 1992. Section 1 of S.J. Res. 41/H.J. Res. 103 is virtually identical to Section 1 of S.J. Res. 18 as reported in the 102nd Congress. Section 6 was a new section added in the bicameral, bipartisan, consensus version offered as a substitute on the House floor in 1992.

The "estimates" provision was included in Section 6 to allow the use of a single level of total estimated receipts for a fiscal year, enacted into law at the beginning of the budget process, as the fixed target amount which outlays throughout the fiscal year may not exceed. In other words, Section 6 is intended to allow Congress to enact into law the process of measuring actual outlays against a fixed receipts estimate in the same way that was outlined in Section 1 of H.J. Res. 290/S.J. Res. 298 as introduced in the 102nd Congress. Nothing in that version would have prevented Congress from imposing a more stringent process of measuring actual outlays against updated receipts estimates throughout the fiscal year. Section 6 of S.J. Res. 41/H.J. Res. 103 in the 103rd Congress is no more and no less restrictive in this regard.

Section 7. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

This section makes clear that, for purposes of computing a deficit, balance, or surplus under this amendment there is no such thing as "off-budget" receipts or outlays. By requiring all cash inflows and outflows to be counted, the most commonly anticipated loopholes are prevented from ever being created. Simple refinancing of outstanding debt at the same net cost of borrowing would not be affected in the normal course of business and, of course, borrowing is not considered a receipt, but rather is recognized as only the means of financing deficit spending.

As currently used and reported, both "receipts" and "outlays" are well-understood, inclusive concepts used with consistency in the budgetary process.

DETAILED ANALYSIS

". . . receipts . . ." is to be interpreted consistently with the use of "Receipts" in Article I, Section 9, Clause 7, which provides, in part, that "a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."

The definition of "budget receipts" in A Glossary of Terms Used in the Budget Process (1981), as quoted in S. Rept. 99–162 and S. Rept. 99–163 (committee reports on S.J. Res. 13 and 225, respectively) still applies: "Collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary Federal social insurance programs. These collections, also called governmental receipts, consist primarily of tax receipts but may also come from court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts. Budget receipts are compared with total outlays in calculating the budget surplus or deficit. Excluded from budget receipts are offsetting receipts which are counted as deductions from budget authority and outlays rather than as budget receipts."

". . . outlays . . ." means all disbursements from the U.S. Treasury, directly or indirectly through federal or quasi-federal agencies created by or under the authority of Acts of Congress. The Glossary (as cited above) defines "outlays" as follows: "Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays. In lieu of issuing checks, obligations may also be liquidated (and outlays occur) by the maturing of interest coupons in the case of some bonds, or by the issuance of bonds or notes (or increases in the redemption value of bonds outstanding). Outlays during a fiscal year may be for payment of obligations incurred in prior years (prior year outlays) or in the same year. Outlays, therefore, flow in part from unexpended balances of prior-year budget authority provided for the year in which the money is spent. Total budget outlays are stated net of offsetting collections, and exclude outlays of off-budget Federal entities. The terms expenditure and net disbursement are frequently used interchangeably with the term outlays."

The glossary defines budget authority as: "Authority provided by law to enter into obligations which will result in immediate or future outlays involving Federal Government funds, except that budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. The latter two types of authority are also commonly referred to as 'backdoor authority'."

"Expenditures", in fact, also appears in Article I, Section 9, Clause 7, as quoted above, and is used there in symmetry with "Receipts". "Outlays" is used in this Section because of that word's overwhelmingly prevalent use in recent and current budget terminology.

Section 8. This article shall take effect beginning with fiscal year 1999 or with the second fiscal year beginning after its ratification, whichever is later.

By passing this amendment and sending it to the states for ratification, the Congress intends to bind itself, in mutual cooperation with the President, to adopt an orderly deficit reduction plan that will bring the budget into compliance with this amendment no later than fiscal year 1999.

Adopting an effective date of no earlier than 1999 provides time for a reasonable glide path to a balanced budget while setting a deadline imminent enough to stimulate action.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Utah has 4½ minutes remaining.

Mr. SIMON. Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Illinois has 9 minutes and 22 seconds.

The Senator from Illinois, the proponent of the amendment.

Mr. SIMON. Madam President, I suggest the absence of a quorum and ask unanimous consent the time of the quorum call not be charged to anyone.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BYRD. I yield 4 minutes to the distinguished senior Senator from Rhode Island [Mr. PELL], to speak in opposition to the amendment.

The PRESIDING OFFICER. The distinguished Senator from Rhode Island.

Mr. PELL. Madam President, the intensity of the debate on the balanced

budget amendment—and to a degree my own reaction to it—varies in proportion to the magnitude of deficits in the Federal budget over the last 12 years.

In 1982, in the second year of the Reagan era, the Senate reacted with alarm at the prospect of a budget for the next year that would run a deficit of over $207 billion—more than double what it had been the previous year, and by far the largest in the nation's history.

The Senate that year narrowly approved a balanced budget amendment, although some of us, myself included, felt that the problem—while serious—did not warrant a constitutional solution.

Four years later, in 1986, things looked different. We were 2 years into the second Reagan administration and deep into a period of institutional deadlock between an executive branch that would not agree to fund programs and a legislative branch that often was not disposed to cut them. The deficit that year had risen to $221 billion.

The Senate that year narrowly failed to approve a balanced budget amendment, notwithstanding the fact that many of us—myself included again—this time felt that the institutional deadlock was approaching such drastic proportions that a constitutional solution might be the only way out of our dilemma.

By 1991, things looked even worse. In the third year of the Bush administration, we were facing an all-time giant deficit in the next fiscal year of $290 billion. The balanced budget amendment came to a vote in the House but fell nine votes short of passage and the Senate took no action.

Then, in 1992, things began to change for the better. The election of President Clinton that year with a mandate for domestic change was, in my view, a true watershed for fiscal policy. It marked the end of political deadlock between Congress and the executive branch, and it put a new burden on the majority party to perform responsibly. The results are beginning to show.

The administration's $500 billion deficit reduction package of last year instilled confidence in financial markets and promoted economic expansion.

The projected deficit for fiscal year 1995 in $165 billion, the smallest since 1989, and the third consecutive annual decline.

The President's economic plan as approved by Congress calls for spending cuts of approximately $250 billion over 5 years and tax increases of approximately the same amount. It resulted in curtailing 300 programs in the first year, and the budget for next year proposes the elimination of 115 more.

As a percentage of gross domestic product, the fiscal year 1995 deficit is projected at 2.5 percent, down from 3.5 percent for fiscal year 1994. And it is expected to stabilize at 2.3 percent for fiscal year 1996–99. This is a significant figure because it shows that the deficit is very small relative to overall economic activity and the economy thus has substantial capacity to absorb the effects of deficit spending, albeit at levels which for other reasons certainly must be reduced.

Of most significance, as I see it, is the resiliance and magnitude of our national economy in comparison to our total burden of debt. While the total Federal debt is expected to peak at around $4.6 trillion in fiscal year 1995, that portion held by the public, excluding that held by Government trust funds, is expected to stabilize below 52 percent of gross domestic product for the rest of the decade. This is a very favorable ratio, when we consider that most households carry debt loads far in excess of annual income.

In short, circumstances have changed dramatically since the Senate last addressed the issue of a balanced budget amendment. The problem of the deficit is still very much with us, to be sure, but we have now before us incontrovertible evidence that fiscal restraint can occur—and is occurring—in the absence of a constitutional requirement.

Enactment and ratification of the balanced budget amendment as proposed by Senate Joint Resolution 41 would of course accelerate the process already begun by the Clinton program, but it would do so by requiring massive shrinkage of Federal programs or heavy new taxation to fund them in relatively short time.

All sorts of scenarios have been suggested as to possible ways in which this cut and tax mandate might be implemented and I have no doubt that they are intended to cause alarm for various constituencies, and have succeeded in doing so in some cases with justification.

I am concerned that under any scenario Senate Joint Resolution 41 would probably have a contractionary impact on Medicare and Medicaid at the very time we are trying to integrate those programs into a comprehensive health care reform program, with the result that we might have to jettison some essential new elements such as long-term health care, prescription drug coverage, and small business subsidies for health insurance.

These are the main reasons why I am inclined to believe that Senate Joint Resolution 41 is a proposition whose time has come and gone. It could derail the process a new administration has already laboriously set in motion, and which I believe bids fair to succeed.

The substitute offered by Senator REID did indeed attempt to cure some of the shortcomings of Senate Joint Resolution 41 by providing an exemption for contercyclical spending in times of recession, by exempting Social Security and by placing capital expenditures off budget.

But these improvements were marginal at best because we were still left with the basic fact that we would be dictating future fiscal policy decision by constitutional mandate, instead of leaving those decisions to the give and take of a free political process in a free market society. Moreover, we would do so under a new scheme of minority rule in which 40 percent of this body could dictate the basic budgetary policies that effect 100 percent of our people.

Finally, I come back to the matter of political responsibility. If the decision of this body is to reject once again the balanced budget constitutional amendment, there will then be a tremendous burden on this body to prove that we can continue to produce the desired results without resort to the amendment.

And the burden will fall most heavily on the majority party and indeed on the President to continue the process he has begun so admirably. He must show the way toward long-range fiscal restraint and diminished deficit spending not just for this decade but into the 21st century.

I for one am willing to take the chance that he and all of us working together can accomplish that task with out binding the political process forever in constitutional restraints.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON. Madam President, I suggest the absence of a quorum and ask unanimous consent that the time during the quorum call not be allocated to either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. HATCH. Madam President, I am only going to take a minute or two. I have some time left, but we are at the end of this debate. We have all been working very hard. I would like to conclude it so we can all vote and go home.

I am the father of six children. Elaine and I are the parents of six lovely children, and we now have 14 grandchildren, and I do not know whether we may have any others. But their futures are really going fast.

We have had all kinds of statistics showing that based on current levels, babies born today will have to spend up to 82 percent of their income on Government the rest of their lives, that is 82 percent under certain circumstances. And the best we can get under current circumstances is down to 67 percent, which is far too much.

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The Senator from Illinois makes the point that if we do not get this spending under control, we are going to monetize the debt. That will inflate our dollars—it will get the debt paid off but everybody is going to go broke.

The fact of the matter is we have to do something about it. We have had 60 years of people standing on this floor saying we have to have the spine and the backbone to do it, but there is never the spine and backbone to do it because there is nothing in the Constitution right now that requires it. That is what we are trying to do.

In 1975, before this recent borrowing spree, the Federal debt amounted to approximately $2,500 per person and the annual interest charges were roughly $250 per taxpayer. We thought that was horrendous in 1975. But today, at present, the Federal debt amounts to over $18,000 per person with annual interest charges exceeding $2,500 per taxpayer. Talk about horrendous, and we keep talking while Rome is burning and not doing anything about it because we do not have the fiscal discipline in the system to force us to do what has to be done.

Mr. President, the choice is now clear. Whether or not Senators voted for the Reid amendment, that version of a balanced budget amendment failed to secure the 67 votes needed for passage.

Thus, there are now two—and only two—options remaining: One is the Simon-Hatch proposal, a serious, reasonable, and necessary amendment to the Constitution to balance the budget. The other: No balanced budget amendment at all and no balanced budget.

THE PROBLEM

Mr. President, our Nation is faced with a worsening problem of rising national debt and deficits and the increased Government use of capital that would otherwise be available to the private sector to create jobs to invest in our future. Increased amounts of capital are being wasted on merely financing the debt through spiraling interest costs. This problem presents risks to our long-term economic growth and endangers the well-being of our elderly, our working people, and especially our children and grandchildren. The debt burden is a mortgage on their future.

Mr. President, the time has come for a solution strong enough that it cannot be evaded for short-term gain. We need a constitutional requirement to balance our budget. Mr. President, Senate Joint Resolution 41, the Simon-Hatch consensus balanced budget amendment is that solution. It is reasonable, enforceable, and necessary to force us to get our fiscal house in order.

During the past three decades, the Federal Government has run deficits in all but a single year.

Even more alarmingly, the magnitude of these deficits has increased enormously. During the 1960's, deficits averaged $6 billion per year. In the 1970's, deficits averaged $36 billion per year. In the 1980's, deficits averaged $156 billion per year. And, in the 1990's so far, deficits have averaged $259 billion per year.

The total national debt now stands at over $4.5 trillion. While it took us over 200 years to acquire our first trillion dollars of debt, we have recently been adding another trillion dollars to our debt about every 5 years and will continue to do so under current projections at a slightly faster rate as we approach the end of the decade.

THE COST OF OUR DEBT: MORTGAGING THE FUTURE

Mr. President, the current fiscal crisis places the economic security of our future generations at risk. Mr. President, during this debate, both sides cited lots of numbers and futures. One such figure is our current $4.5 trillion national debt. But how does one communicate the implications of our staggering debt?

In 1975, before this recent borrowing spree, the Federal debt amounted to approximately $2,500 per person, and the annual interest charges were roughly $250 per taxpayer. At the present, the Federal debt amounts to over $18,000 per person, with annual interest charges exceeding $2,660 per taxpayer. And that's at today's low interest rates.

The Congressional Budget Office predicts that in 1999, total Federal debt will be nearly $6.4 trillion. That means $25,500 per person, with annual interest costs projected to be over $3,470 per taxpayer.

These last figures would mean a tenfold increase in per capita debt, and a nearly fourteenfold increase in annual interest charges per taxpayer, since 1975.

This breakdown may give a better picture of the actual magnitude of the debt. It still does not describe, however, its human implications.

Its human implications are that our children are being shackled with an insurmountable burden as a result of our profligacy. Deficit spending by the Federal Government is not like an individual's pigging out on french fires and ice cream. An individual's weight problem is exclusively his own. But, the national debt passes from generation to generation and gets larger as it goes.

NEED FOR SENATE JOINT RESOLUTION 41

Mr. President, the proposed constitutional amendment will help us end this dangerous deficit habit in a way that past efforts have not. It will do this by correcting a bias in the present political process which favors ever-increasing levels of Federal Government spending.

Whether such spending is financed by higher taxes or new debt, it woeful economic consequences. High interest rates for the long-term, declining investment and productivity, as well as unacceptable levels of unemployment, all follow when the Government uses an excessive share of the Nation's resources, leaving too little for productive use by the private sector.

In short, the American political process is defective insofar as it is skewed toward artificially high levels of spending, that is, levels of spending that do not result from a genuine will and desire on the part of the people. It is skewed in part because the people often do not have complete information about the cost of programs or about the potential for cost growth of many programs. It is skewed in this direction because of the characteristics of the fiscal order that have developed in this country in recent decades. It is a fiscal order in which Members of Congress have every political incentive to spend money and almost no incentive to forego such spending. It is a fiscal order in which spending decisions have become increasingly divorced from the availability of revenues.

The balanced budget amendment seeks to restore Government accountability for spending and taxing decisions by forcing Congress to prioritize spending projects within the available resources and by requiring tax increases to be done on the record. In this way, Congress will be accountable to the people who pay for the programs, and the American people—including the future generations who must pay for our debts—will be represented in a way they are not now. Congress will be forced to justify its spending and taxing decisions as the framers intended, but as Congress no longer does.

Mr. President, it is time for Congress to pass Senate Joint Resolution 41, to permanently restore the linkage between Federal spending and taxing decisions.

The proposed amendment does not propose to read any specific level of spending or taxing forever into the Constitution, and it does not propose to intrude the Constitution into the day-to-day spending and taxing decisions of the representative branch of the Government. It merely proposes to create a fiscal environment in which the competition between the tax spenders and the taxpayers is a mere equal one—one in which spending decisions will once more be constrained by available revenues.

This amendment is not a panacea for the economic problems of the Nation. The amendment is, however, a necessary step toward securing an environment more conducive to honest and accountable fiscal decisionmaking.

Mr. President, the Senate and Congress must approve Senate Joint Resolution 41, the balanced budget amendment. It is the right thing to do for ourselves, our children, and our grandchildren, and it will give us back re-

sponsible and accountable constitutional government. The faithful stewardship of public funds that was so prized by our Founding Fathers can be restored for 21st century Americans. The virtues of thrift and accountability can be rekindled by this very 103d Congress. I urge Senators to join me and Senator SIMON in supporting Senate Joint Resolution 41.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Madam President, I yield the remainder of my time in this block to Mr. MOYNIHAN.

The PRESIDING OFFICER. The Senator from New York has 5 minutes.

Mr. MOYNIHAN. Madam President, when this debate began, I came to the floor with information that had just been presented to us by the Director of the Office of Management and Budget, Mr. Panetta, about the course of the deficit in its proportion of gross domestic product and in dollar terms in the outyears as we have seen them.

I began by saying that 10 years ago, I was writing with a measure of alarm and insistence and very little credibility, I have to tell you, to say that we were setting on a path of increasing deficits which would lead us ineluctably to a point somewhere in the late 1990's where the interest payments would begin to grow at a rate larger, higher than GDP, and you would enter a period of instability, and in that period of instability you would be faced with that most awful pressure that comes upon governments. It has done so around the world. You can see the wreckage of once great economies such as Argentina, which paid no attention to the subject and ended up, in the technical term, monetizing the debt, which is to say to produce a rate of inflation which would wipe out the debt but also destroy the credibility of the currency and the era of the dollar as the reserve currency in the world would be gone.

I quoted David Calleo, Johns Hopkins University, on this matter, and as I say I spent much of the first half of the 1980's saying could we not see this was happening.

I came to the floor now, however, to say that we had come to our senses. The 1990 agreement at Andrews Air Force Base, led by the President pro tempore, ROBERT BYRD, put in place the beginnings of those forces which stopped the growth in the deficit. You can see them here, Madam President, as a percentage of GDP, from 3 percent almost rising by a quarter to the next year 1990, then rising by a fifth to the next year 1991, when that agreement took hold, and you leveled off. And then you went down. And then in 1993 we put through at great cost, at great cost to our dispositions and sometimes to our beliefs, because I know there were Senators who did this because they felt they had to do although they very much opposed the specifics, a half-trillion dollar reduction, and down again, down again, down again, down again.

The Director of the Office of Management and Budget said that by 1998 he expected the deficit to be 2.1 percent of GDP—2.1 percent, about where it was in 1979. Not for a political generation will it have been that low.

But I say to you, Madam President, as chairman of the Finance Committee, we can see in outyears events causing us some difficulty again, but we have broken the back of this wild growth in borrowing and the acquisition of debt and the accompanying interest responsibility.

Madam President, I plead with the Senate. We have done our duty. Do not spoil the Constitution because we made mistakes in the 1980's.

I thank the Chair.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. SIMON. Madam President, I yield myself such time as I may consume.

Thomas Jefferson was right when he said we needed an amendment to the Constitution limiting our power to borrow.

I was elected to the House in 1974. That year the deficit was $6 billion. The total debt was $484 billion. That year what we spent in the total Federal budget was less than we spent on interest last year.

Since 1980, we have spent $1.7 trillion on interest and in the next 5 years we will spend $1.7 trillion in interest, and it gets worse, with all due respect to my friend from New York, whose chart stops before it starts getting worse there.

And who pays that $1.7 trillion? People of limited means. Who collects it? Those who are more fortunate economically. We will this year spend eight times as much on interest as on education. We will spend twice as much on interest as all the poverty programs combined. And as that interest grows we squeeze out programs for the poor and education.

The checks and balances have gone awry. Twenty-five years in a row we have had deficits. James Madison warned about majoritarian abuses, and that is why eight different times in the Constitution there are cases where a majority cannot prevail. And that is why we have a Bill of Rights where the majority cannot prevail.

James Madison wrote:

> The legislative branch is the most powerful and most likely to be abused because it is under the least control.

The arguments against this: Recession. Since 1962, we have had 11 stimulus packages that have passed this Senate, all of them by more than 60 votes. That is what we require.

Talking about recessions, that money we spend on interest is not countercyclical, unlike Social Security money. When you give money to people who are wealthy, they save it when things go bad. And a good chunk of it goes beyond our borders. Seventeen percent of that $300 billion goes overseas, 17 percent-plus.

Every argument I have heard in the Chamber during these days we had in 1986. The argument we can balance the budget without a constitutional amendment. Then the deficit was $2 trillion. Now it is $4.5 trillion. We hear the same songs and with the same effect, Madam President.

Two arguments I have not heard from my friends who are in the opposition. One, there has been no reference whatsoever to that 17 percent of our debt which is held by other countries. The reality is, there is going to come a day of reckoning. If Senator MIKULSKI were the president of the First National Bank in Carbondale, IL, and I came to you and I said I would like to spend more money than I take in this year, and you looked at my balance sheet, you might lend it to me 1 year, maybe 2 years, maybe 3 years, but at some point a prudent banker would say, "I'm going to put my money somewhere else."

Prudent international bankers are going to say precisely the same thing. Lester Thurow, the distinguished economist, has told us the question is not if international bankers and people who have money here in our bonds are going to take their money out, the question is when. We ought to stop this before we get to the edge of the cliff.

The second thing that I have not heard referred to by a single member of the opposition—I heard a lot of history from my friend, Senator Robert BYRD. I happen to be a lover of history. And he contributes immensely to this body. I read his 13 or 14 essays about ancient Greece and Rome. What I did not hear from him or anyone else in the opposition is the history of monetizing debt from ancient Florence down through to the current time.

If you believe the figures given us just weeks ago by OMB, under the most optimistic scenario, future generations will spend 66 to 75 percent of their lifetime earnings in taxation. Under the optimistic scenario that they will save every penny that they say they will save in the health care reform—and I am a cosponsor of it—under the most optimistic scenario that we will have 10 solid years of economic progress, 66 to 75 percent of lifetime earnings are going for taxation.

Madam President, it is not going to happen. We will start printing funny money before that happens, as every other nation has done. Those who vote against this amendment are taking the gamble that we can be the first nation in history to pile up that much debt relative to national income and not monetize the debt, not print the funny money.

What good does it do to get $1,000 in Social Security if a loaf of bread costs $100? We have to face this reality, and we are not facing it. Every other generation of Americans took care of themselves and invested in the future. We are the first generation of Americans to partially take care of ourselves, and borrow from the future.

It has to stop, and there is only one way to make it stop; that is, a constitutional amendment.

Senator DANFORTH says this is like taking arsenic because it is a slow, gradual death. That is what it is. Former Senator Paul Tsongas said we have a debt addiction. Like a drug addiction or an alcohol addiction, getting rid of the addiction is painful. When they say on the floor it is going to be painful if we adopt this amendment, I have never suggested anything to the contrary. But it is going to be infinitely more painful if we do not get rid of the debt addiction. We have to face it, and the American people have to face it.

Senator COHEN on this floor this afternoon said what we are doing is fiscal child abuse. That is precisely it. I have one granddaughter, and I am going to become a grandparent twice more this year, if I may brag, Madam President. What we are doing is borrowing money from those children. If I have a choice and if the American people have a choice of a little pain now and not borrowing from those children, I think the American people will want to make the same decision I have made. Let us have a little pain now, and let us do what is right for the future of those children.

We can create a more prosperous country. The Wharton School says if we adopt this, 30-year bonds are going to go from 6.5 percent to 2.5 percent. What would that do to industrial investment, home construction, and everything else? The New York Federal Reserve Board says we lost 3.25 million jobs because of the deficit from 1978 to 1988. How many more millions we are going to lose before we get a hold of this I do not know.

We face a choice finally, Madam President, of agreeing with those who say let us continue to drift or agreeing with Thomas Jefferson that we ought to limit our borrowing, and I want to agree with Thomas Jefferson. I want an amendment to the Constitution.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Madam President, how much time remains?

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia now controls 30 minutes.

Mr. BYRD. The other side controls? The two leaders have 20 minutes each?

The PRESIDING OFFICER. That is correct.

Mr. BYRD. I thank the Chair.

Madam President, I yield 3 minutes to my friend from Maryland, Senator SARBANES.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Madam President, I thank the distinguished chairman of the Appropriations Committee for yielding me time.

Madam President, I have spoken before on this amendment, and I do not intend to recount my prior statement. But I do want to address some points that were made by the Senator from Illinois.

My dear friend from Illinois is fond of quoting Thomas Jefferson. It is true that Jefferson indicated early on that he would have put a provision in the Constitution prohibiting debt. But when he became President, Jefferson never sought a constitutional amendment. In fact, Jefferson borrowed for the Louisiana Purchase, one of the great steps in developing our Nation.

I listened very carefully to the Senator from Illinois. He talked about the provision in his resolution which allows a 60-vote majority to waive its requirements. And he suggested that in a time of pressing necessity the 60 votes could be obtained. But I simply want to make this point to my distinguished colleague. The deficit reduction program that the Congress passed last August, the very tough medicine that we have been talking about taking, the program that had substantial spending cuts, and revenue increases in it, the very program that has brought down the deficit trendline, that program passed the Senate on the basis of a tie-breaking vote by the Vice President presiding in the chair. In other words, you had a 50–50 vote in the Senate, and the Vice President cast the tie-breaking vote. It clearly would not have happened with a 60-vote requirement.

As many have pointed out in commenting about the amendment of the Senator from Illinois, his amendment puts the power of fiscal decisions in the hands of a minority because it in effect says that 40 percent plus 1 in either House can block action.

As to monetizing the debt, we had a larger debt-to-income ratio by far at the end of World War II than we have today, over 127 percent, and today it is at about 52 percent and on the decline. We never monetized that debt. It is simply a scare tactic in order to traumatize people. But it has not happened in our history even when we had levels far higher than the levels that exist today.

Today we are on a discipline to bring the deficit under control. We ought to stay the course and not sully the Constitution by seeking to amend it here tonight.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Madam President, I thank my friend from Maryland, Mr. SARBANES.

I also congratulate my colleagues on both sides of the aisle, the sponsor and cosponsors of the amendment and in particular I compliment Mr. SIMON.

Madam President, William Gladstone is credited with calling the Constitution "the most wonderful work ever struck off at a given time by the brain and purpose of man." The Framers were familiar with Plato and Aristotle, Cicero and Plutarch, Polybius and Tacitus, Suetonius and Livius and Cato and others.

The Framers were steeped in the classical traditions of Rome. They were well acquainted with the Colonial experience and with the English struggle and with Montesquieu and his political system of separation of powers.

They were learned and sagacious men, practical men, men of common sense and understanding, men who possessed great wisdom and integrity. Almost every member of the Constitutional Convention has served in a Colonial or State legislature, in the Albany Congress, in the First or Second Continental Congress or the Congress of the Confederation. Franklin had helped to write the Declaration of Independence and the Articles of Confederation. They were men of wisdom and experience in government.

Like the Magna Carta, the Constitution did not deal in abstract principles. In the words of John Marshall, the Constitution "was intended to endure for ages to come," and, in the words of James Madison, it proposed "a Constitutional system which should best secure the permanent liberty and happiness" of our country and our people.

It is this product of political genius and experience, this Constitution—which is the oldest and most successful written Constitution in history—that some in this great Chamber are proposing to amend today. They seem to have given little thought and less examination to the consequences of this ill-conceived idea.

I view the amendment as being pockmarked with flaws. To adopt it would be a colossal blunder. Heretofore, I have stated many objections. As the debate draws inexorably toward the end, and in view of the limited time remaining, I shall revisit but a few of the objections which are, in my judgment, fatal to the amendment's adoption.

First, it is confusingly and hopelessly contradictive within itself, in that it unequivocally mandates, in section 1, a balanced budget annually, while, simultaneously in section 6, it proposes to violate that section 1 mandate. In other words, it says, on the one hand, that the budget shall be balanced, and on the other hand, that the budget does not have to be balanced.

The chief proponent of the amendment, Mr. SIMON, is fond of saying that the reason there were so many heroes at the Alamo was because there was no backdoor. Section 6 is the backdoor to this Alamo amendment, through which all of us may escape without becoming heroes.

Second, the Congress shall enforce the amendment in 2001—7 years away. The fact is Congress and the President can balance the budget without a constitutional amendment and are on the road toward doing so, having enacted a 5-year budget reduction package last year.

Third. The amendment undermines a basic principle underlying our representative democracy: the principle of majority rule. For over 200 years, the body of the original Constitution has contained provisions for a super majority vote in only five circumstances, and three of these have been seldom brought into play. In only three amendments to the Constitution—namely, the Twelfth, the Fourteenth, and Twenty-Fifth Amendments—is there required a super majority. Of these, the super majority in the Twelfth Amendment has only to do with a quorum and has not been used in the election of a President by the House of Representatives since 1825—169 years ago. The super majority vote in the Fourteenth Amendment has not been used in 96 years. The super majority vote in the Twenty-Fifth Amendment has never been used.

Now comes the Simon amendment, which would add two more super majorities. The Simon amendment is a prescription for minority rule. For the first time, fiscal and budgetary policy would be written into the Constitution, and the new super majority vote requirements would likely be triggered annually. Thus, a minority in either body, could extract from the majority concessions in exchange for their votes to waive section 1, requiring a balanced budget annually—the three-fifths majority in this amendment thus being a sure prescription for gridlock. Section 2, with regard to raising the debt limit, would present similar prospects for gridlock and blackmail. Senator SIMON has called this section the enforcer in his amendment. Mr. President, section 2 is much more than an enforcer. Section 2 is the Terminator. If we cannot obtain the super majorities required, we terminate the entire Federal Government—just close down, go home. This is brinkmanship at its most irresponsible.

The wisdom of the Framers in their sparing use of super majority requirements, was explained in the Federalist Number 58 by Madison:

> It has been said that more than a majority ought to have been required for a quorum, and in particular cases, if not all, more than a majority of a quorum for a decision.
>
> In all cases where justice or the general good might require new laws to be passed, or active measures to be pursued, the fundamental principle of free government would be reversed.
>
> It would be no longer the majority that would rule; the power would be transferred to the minority. Were the defensive privilege limited to particular cases, an interested minority might take advantage of it to screen themselves from equitable sacrifices to the general weal, or, in particular emergencies, to extort unreasonable indulgences.

That was Madison speaking. Madison was clearly against requiring more than a majority of a quorum for a decision.

Fourth, the Danforth amendment, while seeking to preclude the Judiciary from inheriting powers of taxation under the Simon amendment, only raises new concerns. The Danforth amendment would conflict with the due process clauses in the Fifth and Fourteenth Amendments. Serious implications arise from the Danforth amendment. What are they?

Number 1. A court could decide not to hear a case brought under the balanced budget amendment because it could say that the language of the Danforth amendment—authorizing only a declaratory judgment—is to be construed as allowing only advisory opinions. Such opinions are not authorized for the Federal judiciary under Article III of the Constitution.

However, many state courts are authorized by their state constitutions to issue advisory opinions. Therefore, one could end up with a situation whereby the various state courts were issuing conflicting advisory opinions while the Federal courts remained silent.

Number 2. Normally, a declaratory judgment can be used in subsequent cases as a statement of rights, but because the Danforth amendment prohibits remedies and allows nothing other than a declaratory judgment, a judgment that stands alone, and thus has no effect. Again, a declaratory judgment would, therefore, be seen as a mere advisory opinion.

Number 3. The terminology in the Danforth amendment pertaining to cases "arising under this article" would not preclude cases arising under normal statutes. For example, if the President unilaterally decided to cut Social Security benefits in order to keep the budget in balance, a case could be brought under cover of the Social Security Act of 1935, the legislation that established the entitlement, and not under the balanced budget amendment. What would the courts then do? First, they could agree to hear the case, arguing that the case was not brought under the balanced budget amendment. Should that happen, then we are right back where we started with the courts involved in issues that, as Assistant Attorney General Walter Dellinger stated, ". . . they clearly lack the institutional capacity to resolve in any remotely satisfactory manner." On the other hand, if the courts decided not to hear the case, arguing that the case had, indeed, been brought under the balanced budget amendment, then there would be no way to check the President's impoundment authority—the 1974 Budget Act notwithstanding. At that point, we might as well "close this body down." Members "don't need to come back," because the President will then have the total power—total power—over the purse. Obviously, the President will claim that any case brought against his impoundments was brought under the balanced budget amendment.

Number 4. Should the Congress, as part of its implementing legislation, attempt to restrict Presidential impoundments under the balanced budget mandate, the President could simply veto that implementing legislation. Thus, it could end up that the Congress is unable to pass the necessary legislation that would implement the amendment.

Mr. President, this is the first time in our history that we will have Constitutionally attempted to deny due process to the citizens of this country—due process, with its roots running all the way back to the Magna Carta in 1215. The Danforth amendment can, therefore, best be described as "anti-Constitutional," and in direct opposition to the Fifth Amendment's "due process" clause. Should the Congress fail to pass the implementing legislation, then the Danforth amendment takes away the fundamental right of all citizens of access to the courts as a means of redressing grievances—takes away the fundamental rights of all citizens to have access to the courts as a means of redressing grievances.

Moreover, the Danforth amendment could deny Congress due process rights in any suit brought against the President as a consequence of his impounding of funds.

Now, get that. The Danforth amendment could deny Congress due process rights in any suit brought against the President as a consequence of his impounding of funds.

The President could impound at will, and there could be no check on his exercise of that power. None. The Danforth amendment would eliminate existing Judicial protection of Congress's historic powers of the purse. It would Constitutionalize—not just legislate—line-item veto and impoundment and rescissions powers. This is a Congress-stripping, as well as a court-stripping amendment!

It brings us back to the balanced budget amendment's fundamental flaw; it sets up a seemingly simple, straightforward Constitutional standard and then provides for its violation. And this conflict would be highlighted by the Danforth amendment. It would authorize the courts to declare a governmental act to be in violation of the balanced budget amendment while forbidding the courts to enjoin that unconstitutional act, and denying to any citizen—north, west, south, or east—who is aggrieved by that unconstitutional act the right to sue for damages.

For example, while the amendment clearly bars plaintiffs access to the

courts to claim a violation of the amendment, it is not clear whether the proposed language also would bar governmental actors from raising the balanced budget amendment as a defense.

Let us say that the President cuts Social Security. A plaintiff sues not under the balanced budget amendment, but under the statute. The President raises the defense that the balanced budget amendment justifies the action.

How would a court rule? That the case should be dismissed because of the balanced budget amendment? But then, all the President has to do to escape scrutiny is to invoke the amendment.

Or would the court rule that the plaintiff wins because the court has no power to review the defense? If so, then other plaintiffs would bring similar actions, and the budget would be unbalanced.

If the amendment does succeed in stripping jurisdiction from the courts, this could result in a shift to the President of unreviewable power to impound or rescind funds. This despite the framers' view that the power of the purse should be left in the hands of the legislative branch, the closest branch to the people and the closest representatives of the people. If Congress responds to Presidential impoundment by granting the courts the power to review such actions, then the courts would again be embroiled in the budget process.

With the courts having no power to prevent the aggrandizement of power by the Executive Branch, the Executive would become far and away the dominant power, the dominant branch of the government.

Finally, the Simon amendment would be destructive of the Constitutional system of checks and balances and separation of powers. No longer would the people's branch—Congress—have control over the power of the purse. The governmental structure would be changed, and, once the President ever acquires line-item veto power or rescission's power or impoundment power, any law passed by Congress to remove such powers would be vetoed by the President.

Madison stated in Federalist Paper Number 48, that "the Legislative Department alone has access to the pockets of the people." Madison also said in Federalist Paper 58: "This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any Constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance and for carrying into effect every just and salutary measure."

Would Madison vote for the Simon amendment to the Constitution? To ask the question is to answer it.

Mr. President, this proposed Constitutional amendment would, in effect, perform a lobotomy on the Constitution. Madison would not vote for the Simon amendment if he were alive today. Jefferson would not vote for it. George Washington would not vote for it. Hamilton would not vote for it. Benjamin Franklin would not vote for it. It must be rejected by the Senate. Madison instructed us in the Federalist Number 63, that,

> There are particular moments in public affairs when the people, stimulated by some irregular passion, or misled by the artful misrepresentations of interested men, may call for measures which they themselves will afterwards be the most ready to lament and condemn.
>
> In these critical moments, how salutary will be the interference of some temperate and respectable body of citizens in order to suspend the blow meditated by the people against themselves, until reason, justice, and truth can regain their authority over the public mind?
>
> What bitter anguish would not the people of Athens have often escaped if their government had contained so provident a safeguard against the tyranny of their own passions? Popular liberty would then have escaped the indelible reproach of decreeing to the same citizens the hemlock on one day and statues on the next.

Madison was referring to the Senate in the Federalist Number 63. And today, it is the Senate upon which the fate of the Constitution, as we have known it for 200 years, depends.

Our forefathers had studied the causes of the Revolution too well not to know that one-man power would not be tolerated for a moment, except by those who, to use the language of Thomas Jefferson, were born with saddles on their backs and bits in their mouths, that tyrants might ride and spur them.

The men of our early days had a perfect horror against conferring arbitrary power upon a single individual. For them, arbitrary power, whether hiding under the veil of legitimacy, skulking in the disguise of necessity, or wearing the shameless front of usurpation, was the sure object of their detestation and hostility.

Mr. President:

> O, that my tongue were in the thunder's mouth!
> Then with a passion would I shake the world:

The gathered wisdom of a thousand years cries out against this amendment. The history of England for centuries is against this amendment. The declarations of the men who framed our Constitution stand in its way.

Let us resolve that our children will have cause to bless the memory of their fathers, as we have cause to bless the memory of ours.

Let us not have the arrogance to throw away centuries of English history and 200 years of the American experience for political expediency.

This is not just a quick-fix throwaway piece of legislation crafted to take us off the hook. This is an amendment to the Constitution—the Constitution—an amendment to the Constitution of the United States of America—a sacred document. Changes to the Constitution must not be considered if they threaten its delicate balance—a balance based on thousands of years of human experience.

Amending the Constitution must never, never, never become a political solution for someone's reelection difficulties.

We should be willing to pay the price if necessary of reelection. If that is what it costs—if that is what it will cost me, then let it be the price.

This Senator has been around here quite a long time and he has seen many Senators come and go. He has seen venerable Senators pass on to their reward and they were not remembered very long—not very long.

But if we emasculate this Constitution, then that wrong will be visited upon our children and our children's children.

Let us step back from this unwise course here and now. We have all the tools we now need with which to pursue the work of reducing our debt. We must not feed the nation this poison pill in the hopes that it will somehow force us to screw up our courage to act.

Men and women have suffered and died for our freedoms—freedoms won with blood—the blood of our forefathers. Let us not be so callous as to rob generations to come of the basic liberties that are their birthright, because some in this chamber have collectively thrown their hands in the air over the difficulty of reducing the debt. To do so would desecrate the memory of all those who have labored for liberty, fought and died for freedom, and dedicated their lives to passing on the legacy of a Constitution that is a sword against tyrants.

Let us not crucify this Constitution on a cross of political expediency! Lord Nelson's last words when dying were "Thank God! I have done my duty." I say, Senators, may Almighty God give us the courage to do our duty this day.

The PRESIDING OFFICER. The Chair would note the time of the Senator from West Virginia has expired.

Mr. LEVIN. Mr. President, I oppose the Simon amendment mainly because it will not do the job. It does not require a balanced budget as its principal sponsor has candidly acknowledged. If it takes effect, the persons who vote for an unbalanced budget in any particular year, under its terms, would be adhering to their oath to support the Constitution just as much as those who vote for a balanced budget. What it does attempt to do is substitute minority rule for majority rule relative to an unbalanced budget.

Some supporters repeat the fiction that the amendment requires the budget to be balanced. Again, it does not.

And what if there are, say, only 57 votes for an unbalanced budget in a particular year, three short of the 60 required? What then? Would the Simon

amendment produce a balanced budget in that circumstance? The answer is again no, since there is no enforcement mechanism in the amendment.

Courts can't enforce it. That is clear with the Danforth language added. And since the 57 Senators voting for an unbalanced budget would be adhering to their oath just as much as persons who voted for a balanced budget, the argument cannot be made that political pressure to adhere to the Constitution would be the enforcement mechanism. Again, those voting for the unbalanced budget would have adhered to their oath of office, even according to the chief sponsor.

The amendment is also full of loopholes and dodges. Section 6 states that estimates can be used by the Congress. It was the use of Rosy Scenario estimates that were a major cause of the huge deficits of the 1980's. If estimates of Government revenues are exaggerated or estimates of outlays are too low, we are assured that there is a mechanism to correct such Rosy Scenarios. That mechanism is said to be section 2 of the Simon amendment which requires 60 votes to increase the debt limit. But that mechanism has always proven useless and would always be useless to deter the Rosy Scenario from again being used because the debt limit will always be raised to pay our debts. Why? Because in the absence of paying our debts, our entire economy would be destroyed. In the words of former Secretary of the Treasury James Baker:

> I cannot overemphasize the damage that would be done to the United States' credit standing in the world if the Government were to default on its obligations, nor the unprecedented and catastrophic repercussions that would ensue. Market chaos, financial institution failures, higher interest rates, flight from the dollar and loss of confidence in the certainty of all United States Government obligations would produce a global economic and financial calamity.

So the threatened use of defaulting on our debts amounts to a threat to use a nuclear weapon against our own economy. It is a hollow threat which cannot be made credibly. The Rosy Scenarios of the 1980's, which typically added $50 to $100 billion to the annual deficits, would find fertile ground again as an evasion mechanism unless Congress and the President have the will to reduce the deficit.

And that is the basic problem with this amendment. It will rely as much on congressional and executive will power, starting in the year 2002, as we rely upon it now. That will power wasn't forthcoming in the 1980's. It was exercised finally last year with positive results for the economy.

The pending amendment holds up an illusion that it can do for us what we cannot do for ourselves. But it cannot, by its own terms. Only we can, and our willingness to do so must not any way be weakened by the illusion that the wishful and non-self-enforcing language of this amendment can do the job for us.

I'm also afraid the passage of this amendment would lead to the weakening of congressional and executive will in the 7 years before it would become effective. That 7 years will more likely be another period of profligacy just as the 1980's were a period of profligacy. We would find ourselves in a deeper hole in 2002 because we would have been lulled into the belief that a deus ex machina will appear to save us in 2002.

This amendment, if it passes, would delay the day of reckoning and make it a much harsher day. The new slogan of the executive branch and Congress would be, "Off the hook until 2002." The double tragedy would be that even if the amendment kicks in 7 years down the road, it would prove to have no kick.

Mr. CHAFEE. Mr. President, I have listened with great interest to the debate occurring over the past few months on the merits and pitfalls of a balanced budget amendment to the Constitution. As you know, the Senate has voted on a specific balanced budget amendment on two previous occasions: approving a constitutional amendment in 1982, and rejecting a similar proposition in 1986. In each instance, I opposed tinkering with the Constitution in this manner. However, this time I feel I must support the amendment, albeit reluctantly.

I am particularly frustrated that we must amend the Constitution solely because Congress and the executive branch have been unable to control the deficit. Certainly, it is not for a lack of trying by many of us. We've tried reconciliation bills, Gramm-Rudman-Hollings sequestration mechanisms, even budget summits. I have voted for all of them—with all of their strengths and weaknesses—but none has done the job.

Certain aspects of these prior efforts have worked well. The discretionary spending firewalls, created as part of the 1990 agreement, were very effective at making sure that savings in one area of the budget were used to reduce the deficit, instead of being spent elsewhere. And the Paygo rules imposed on entitlement programs and taxes have provided a modicum of responsibility at least with respect to new programs. I have voted to continue these restraints—often against politically appealing proposals—because I feel strongly that we owe it to our children to start living within our means.

The firewalls have now come down, and it is very unlikely that any further reductions in these programs will actually result in lower Federal spending.

I remain uncomfortable with amending the Constitution. This amendment is at best an imperfect instrument. It raises questions about how it would be enforced and invites the same budget gimmicks that are present today.

It is not with a great deal of enthusiasm that I throw my support to this amendment, but rather with a sense of chagrin. I deplore the fact that the United States, once the largest creditor nation in the world, is now the largest debtor nation. Mr. President, since 1981 the total debt of this nation has quadrupled. During this period our annual budget deficits have averaged $180 billion. Over the last decade, we have experienced both good and bad economic times, but that has made little difference in our willingness to spend more than we can afford.

Embedding a balanced budget requirement in the Constitution might help us make the difficult choices necessary to reduce the deficit.

Mr. President, I worry about the long-term future of our country. The money to provide our children with quality education, to ensure that they have access to medical care, and to provide them with affordable housing is being transferred to holders of U.S. Treasury securities. The money we pay in interest cannot be used for any of these worthwhile purposes.

Those opposed to this amendment have used scare tactics and hysteria in an effort to derail it. They argue, for example, that it threatens the income security of older Americans by placing Social Security and Medicare in jeopardy. They argue that it removes any ability of the Federal Government to respond to emergencies such as the recent earthquake in California. And finally, they argue that such an effort will put the economy in a tailspin, and they have distributed analyses on the impact such an amendment would have in terms of job loss and reduced personal income for each State.

Of course, nothing in the balanced budget amendment will do any of those things. The balanced budget amendment is not designed to tell us how to balance the budget. Nowhere does the amendment single out Social Security, or Medicare, or any other program for cuts. It leaves that choice up to Congress; but unlike the situation today, it holds our feet to the fire by mandating that we act. Along with the mandate, hopefully, will come the political will to make the tough choices needed.

One thing that opponents of the balanced budget amendment fail to offer is their solution to this problem. If not this; then what?

Mr. President, there is no Senator that cherishes the Constitution more than this Senator. I do not brush off lightly my concerns over amending it in this matter. But the more fundamental question is whether or not we owe it to our children to stop paying for our standard of living by jeopardizing theirs. I cannot ignore the peril that awaits our children if we continue to ignore the damage that we are inflicting on our economy by continuing to run huge deficits.

To me, the legacy is much more ominous than amending the Constitution.

Mr. DURENBERGER. Mr. President, I rise today to strongly support the proposed balanced budget amendment to the Constitution, as modified by Senators SIMON, HATCH, and DANFORTH and to oppose the Reid substitute.

This debate is about the need to change the role of government. It is about fiscal discipline—and how to achieve it.

Mr. President, I was elected in 1978 to change the role of government—to achieve system reform, of the same kind we need to see in health care or welfare policy. I wanted to make the fundamental changes that were necessary to control the need for more and more public money.

Back in the late 1970's, the American people were starting to recognize that government cost too much and produced too little. The Proposition 13 movement in California showed that they were—in the words popularized by the move "Network"—madder than hell, and they weren't going to take it anymore.

It's beginning to look as if we're right back where we started—except that today, it's Rush Limbaugh, Ross Perot, and the Concord Coalition who are giving expression to the widespread public anger. It's the American people who are taking the time to call into media talk shows and to write letters to their Senators.

My mail proves that we need to change the role of government every bit as much today as we did back in 1978. As long ago as 1980, I introduced my first health care reform bill dedicated to provide more health care for less money. In 1994, we are finally fully engaged in that task.

That's the spirit we need to bring to the work of reinventing government.

Several years ago, Senator SIMON and I authored the income dependent education assistance legislation, which is the basis for the compromise language in the 1993 reconciliation bill which reformed the current student loan system. Our successful effort to reform the system—cutting out much of the bureaucracy and facilitating student loans for more Americans—saved taxpayers $4.585 billion.

Many government programs can be reformed—and money can be saved as a result—in the very same manner. Health care and welfare reform are essential areas in which we have to achieve this kind of reform this year—and it is my hope that the BBA will force us to make many other system reforms, which will in turn help us to avoid many of the Draconian cuts opponents are trying to scare us about in the course of this debate.

About the need for fiscal discipline, absolutely no question remains. It is written in 4.7 trillion dollars' worth of red ink. That figure tells me that there is a need to balance the budget. I can say that as one who has repeatedly supported efforts to reduce or balance the budget—and I will discuss some of those efforts shortly.

To take refuge in the fact that we will have a deficit of only $176 billion in fiscal 1995 is, in my opinion, merely a symptom of our fiscal disease. Imagine: We are only adding $176 billion to the $4.7 trillion bill our children are going to be saddled with by our generation. Back in 1943, $176 billion was our total debt.

In this year alone, we are going to pay $294 billion in gross interest payments. That interest is buying us nothing. This year, we are going to spend $244 billion on our domestic discretionary needs. We are paying $50 billion more to clean up the fiscal waste of Congresses past than we are to meet the real national needs of America in the present.

And as for the future? The debt and interest on it continue to climb. Just the new debt we are adding this year cost us $11 billion every year until it is paid off. And we have no plans to pay it off. All the projections show us continuing to add to it every year for the foreseeable future.

Each American family of four is currently saddled with a debt of $74,500 by the past fiscal irresponsibility of the Federal Government. Every time we say our new deficit is only $176 billion, or only $100 billion, or only 10 cents, we are saying that it's OK to add to the already crushing burden of debt on America's families.

The question we must answer is this: Will the balanced budget amendment enable us to balance the budget, and set us on the right path to future fiscal responsibility? I believe that it will.

The Reid substitute is half a loaf. A majority of Senators have come forward in support of a balanced budget amendment that would create the needed discipline to balance the entire budget—not just part of the budget, but all of it. If we exclude debt payments, Social Security and all of the pork we have made a mockery of this effort. I can only conclude that this is a killer amendment and should be opposed.

There's no more room for argument about the need for fiscal discipline. We need it. The American people demand it. And we have to do it.

Opponents of the balanced budget amendment have told us that we do not need this kind of discipline. But where is the evidence that the leaders of Congress have the ability and the political leadership necessary to complete the task?

We need system reform. The BBA will help us get it—and this alone makes the BBA worthy of our support.

DURENBERGER AND THE DEBT

I have also taken a leadership role throughout my career in the Senate in offering and promoting various proposals to achieve lower deficits. In the early 1980's, I was disappointed that various efforts to balance the budget, such as the Durenberger-Gorton bill, were ignored. At the same time, I watched my generation continue to live for today. At that point my own four sons were entering adulthood, and I saw my own children being handed a life that held much less promise than the opportunities I was handed by my parents just 30 years earlier.

As a result, in 1984 I launched a new national organization called Americans for Generational Equity. This organization helped us understand the impact the deficit has on future generations, and attempted to educate Americans about the need to better serve our children by achieving the kind of system reforms I discussed earlier.

Today's efforts by the Concord Coalition to promote a balanced budget are similar, and I pledge to continue my work with that group.

I supported the Gramm-Rudman-Hollings deficit reduction proposal, which squeaked through on a 50 to 49 vote in 1985, the Kassebaum-Grassley-Baucus proposal, the Boschwitz spending freeze, the 1992 entitlement freeze, the 1990 budget summit reforms, the Kerrey-Brown and Dole deficit reduction proposals of 1993–94.

I have opposed the concept of emergency supplemental appropriations, and have offered amendments to offset this off-budget spending. I have introduced and promoted legislation to prohibit the worst off-budget practice—unfunded mandates to the States—which shifts Federal debt burden to the States. I have promoted many other efforts to lower spending—but we have continually faced roadblocks from the Senate leadership as well as powerful stakeholder groups.

It's not fun to be criticized by important interest groups, all of whom are trying to protect their funding levels. But that kind of leadership is precisely what is needed if we're going to reduce the deficit and the debt, and it's not happening today, despite the efforts of so many to provide the necessary leadership.

Mr. President, when it comes to intelligent fiscal policy, Congress has run out of options. I didn't come here in 1978 to quintuple the national debt. Just the opposite, as I have indicated earlier, and I am not alone. But the leadership is just not here to do the job.

We tried all the statutory remedies, and they have all failed miserably. We did this in 1978. We did it in 1979. Again in 1982, 1985, 1987, and 1990. And the national debt continues to get deeper—and deeper—and deeper.

It has proven to be too easy to dodge the Gramm-Rudman discipline and the 1990 budget summit reforms—too easy to declare one emergency after another

and to find the loopholes that have only added to the deficit. The leadership is not there to force us to make the necessary politically difficult votes. All we have to do is tout our support of Gramm-Rudman-Hollings, while simultaneously backing all of the back-door attempts to build up the deficit.

I salute the Senators from Illinois, Utah, and Idaho who are convinced that it's a lot less shameful for Congress to admit its fiscal incapacity than for Congress to pretend otherwise and continue America on the road to fiscal ruin.

Senator SIMON points out that the reason there were so many heroes at the Alamo is that the Alamo had no back door. I used to say that every even-numbered year we would march out and tell our constituents that we could do it—if not for Congress.

Congress-bashing for our entrepreneurial advantage must end. Only the constituents can force us to stay in the Alamo—every year, until we've done what the people demand.

What we are trying to accomplish here today is to begin the process of closing the back door of U.S. fiscal policy. And I say begin the process, because—contrary to the scare tactics and excessive rhetoric of so many opponents of this amendment—this vote will be only the first of many steps toward the eventual establishment of a responsible fiscal process in the U.S. Congress.

We begin by passing this amendment in the Senate. Then it goes to the House, then to be ratified by three-quarters of the States. The amendment establishes a 7-year time period for this ratification process to take place. We can start now to prepare for a balanced budget; the cuts do not have to occur overnight. The earliest effective date would be the second fiscal year after ratification. All of the problems you will hear about today regarding enforcement and fiscal hardship can be settled before the ratification occurs.

This constitutional amendment has a lot more to do with the future, with making sure we never again start onto the slippery slope that leads from a deepening deficit to complete fiscal bankruptcy. When Thomas Jefferson indicated his support for this kind of measure, what he was trying to do was prevent the growth of an American attitude which considers it morally permissible to borrow from future generations to finance current consumption.

Today, we as a nation are closer to that disastrous attitude than we have ever been. We are teetering on the edge of moral bankruptcy. A few dedicated individuals, led by Senator SIMON, Senator HATCH, Senator CRAIG, and many others, are leading a valiant rearguard action for generational equity and fundamental fairness.

The purpose of the U.S. Constitution is not merely to set limits for the nuts-and-bolts functioning of U.S. Government, but also to embody the ideals that are intrinsic to the American project. The Constitution says we are a people who believe in individual rights. It says we believe in limited government powers. It says we believe in freedom of expression, and it certainly is not silent on economic matters.

The Constitution does not merely express these ideals in the abstract. It gives a powerful tool to those in our society who are trying to protect these ideals.

I think one of the most fundamental of American ideals is that we build for the future, that we do not borrow from the future. Today, we in the Senate can give this ideal a truly breathtaking endorsement: We can vote to incorporate it in the highest law of the United States. Mr. President, the first attempt to introduce a balanced budget constitutional amendment was made by former Minnesota Congressman Harold Knutson on May 4, 1936, back when the Federal debt was miniscule.

It is my firm belief that if we care about preserving the American Dream for future generations, we have no choice. I urge my colleagues to join me in supporting this truly historic amendment.

Mr. DASCHLE. Mr. President, today the Senate will vote on two proposals of grave importance, both of which seek to promote greater fiscal responsibility by the Federal Government. I wholeheartedly support this goal and would like to commend the chief sponsors of these measures, Senator REID and Senator SIMON, for their contributions to this historic debate.

The Constitution of the United States has limited the powers of the Federal Government and protected the fundamental rights of all Americans for more than 200 years. This document embodies the essential principles upon which our great Nation is based. Like Senators REID and SIMON, I believe the time has come to amend the Constitution so it reflects another important principle—the principle that Government should not spend beyond its means.

The concept of fiscal responsibility is the basis for both balanced budget proposals that we are considering today. It is imperative that this concept be once and for all enshrined in the Constitution.

For too many years, Congresses and Presidents have paid lip service to the need to control Federal spending and then refused to make the tough choices that spending limits would have required. The result of this abdication of responsibility is the growing national debt that will be pawned off on future generations.

The Reid amendment contains two features I find appealing. The first is its prohibition of the use of Social Security trust funds to offset the deficit. As my colleagues are well aware, Social Security is in no way responsible for our current budget deficit. Indeed, the Social Security trust funds are running a healthy surplus, and all precaution should be taken to safeguard that surplus. The Reid amendment would keep Social Security off limits to budget-cutters.

A second feature of the Reid amendment is a division of the budget into capital and operating accounts. This amendment would require that the operating account be in balance, thereby keeping Government spending in line with revenues. At the same time, it would provide Government with the flexibility needed to invest in our Nation's future through its capital account and end the silly fiction that a dollar wisely invested is the same as a dollar foolishly spent.

Many of the States whose constitutions now require a balanced budget, and every family in America, know the difference between spending and investment. They know that dollars spent on a vacation in Las Vegas, or new Government employees, are not the same as dollars being invested in an addition to one's home, or in an industrial park that will bring new jobs and revenue to one's State. That first kind of spending is gone forever. The second is an investment whose lasting value will be proven by the rising value of that home, or the increased income generated by new business.

So I will vote for the Reid proposal because it provides additional protections for our Nation's seniors and shifts the emphasis of the Federal budget from consumption to investment. I want to be perfectly clear, however, that my main interest in this debate is adding a balanced budget requirement to the U.S. Constitution. Thus, if the Reid amendment is defeated, I will vote in favor of the Simon proposal.

Mr. GORTON. Mr. President, on two previous occasions, in 1982 and 1986, I opposed a constitutional amendment to require a balanced budget. But I have now changed my mind. The cause of fiscal responsibility will not be won until it is enshrined in the Constitution.

I opposed the amendment in the 1980's because I believed then, as many opponents of this amendment do today, that Congress should have balanced the budget of the United States without tampering with the Constitution. We and the President should have, but we didn't. The mounting deficits since the late 1970's mark the chasm between what should be and what really is inside the beltway.

The most famous, or maybe infamous, example of statutory attempts to balance the budget is Gramm-Rudman-Hollings. I was an enthusiastic supporter of Gramm-Rudman, the very kind of statutory attempt to bring the budget into balance that caused me to

oppose amending the Constitution a decade ago. It is exactly the method by which the opponents of the Simon amendment believe that a budget should be balanced today.

But Gramm-Rudman-Hollings failed. It failed not because it was ineffective, but because it was too effective. And so it was repealed in 1990 when the tough choices needed to be made. It was replaced by the disastrous 1990 budget agreement that raised taxes on a wide range of goods and services. And, of course, the budget cuts that were legislatively promised never materialized. What we ended up with was a rapidly ballooning deficit, not a balanced budget.

The history of the constant failure of legislative attempts to control deficit spending should make people realize that a more effective mechanism is required. If that is not enough, just listen to the admission by Laura Tyson, President Clinton's Chairman of the Council of Economic Advisors. I asked her how and when, given President Clinton's opposition to the balanced budget amendment, we could expect to see alternative proposals from the administration to achieve a balanced budget. She replied, "It is my belief that we should not try to get to a balanced budget by 1999." Nor by 2001; in fact the administration proposes no deficit of less than $150 billion a year as far as the eye can see.

Clearly, this administration is not interested in a constitutional amendment to balance the budget for one reason. It has no plans ever to balance the budget. Period.

Another important reason for passing this amendment is that it will protect Social Security. I am convinced that Social Security will be strengthened by the amendment.

When I ran for the Senate in 1988, I made a solemn vow to the people of Washington State that I would not vote to tax or cut Social Security benefits. I had talked with and listened to seniors all across Washington—from Pasco to Hoquiam to Anacortes—who told me what Social Security means to them. I listened to the people of Washington State and responded. I made a pledge that I have not, and will not break.

Soon after the President took office, I was shocked to hear that the administration was considering drastic cuts in Social Security COLA's as part of its tax bill. I spoke out quickly and vehemently against this proposal on the Senate floor, together with many of my colleagues. And, fortunately, the President abandoned that outrageous policy.

We hardly had time to catch our breath before the administration proposed a 70 percent tax increase on some Social Security benefits. That proposal was—and is, even in its modified form—tremendously unfair to seniors. And to make matters even worse, the money raised by this tax hike was not used further to strengthen the Social Security program. Instead, the money is used to fund other Government programs.

I strongly opposed this unfair tax hike. I voted for an amendment to strip the provision from the budget. And I am also actively working to repeal it. I have cosponsored S. 1408, which will repeal the unfair tax increase on Social Security benefits and roll them back to where they were before President Clinton's budget passed.

I have fought to repeal the earnings limit on Social Security, which says that seniors who earn over a certain income threshold lose $1 in benefits for every $3 earned over that limit. The earnings limit penalizes seniors who wish to contribute to our economy. It needs to be repealed. We made some progress on this front when a repeal passed the Senate, but the House needs to agree to pass it into law.

When a proposal was advanced to allow State and local governments to borrow money from the Social Security trust fund for local projects, I stood firmly opposed. I felt this was a terrible idea that would endanger the solvency of the Social Security trust fund. This bill died in committee.

I recently renewed my pledge to the seniors in Washington State by signing the Seniors Pledge. This pledge simply states that I will never vote to cut or tax Social Security benefits. It is a restatement of the solemn vow I made to my constituents.

All these actions—all these fights I have taken on—stem from my deep and unmovable conviction that Social Security must not be tampered with. I have stood firm against any effort to cut Social Security and have earned a record of which I am extremely proud.

This is another reason I am supporting Senator SIMON and CRAIG's balanced budget amendment. It will force Congress to live within its means and will truly protect the Social Security system. And I will not vote to cut Social Security to meet its requiremetns.

Social Security is not a cash cow to be used to fund wasteful Government spending programs. It is a sacred contract between our Government and its citizens. That contract is unbreakable. America's seniors have spent their working lives paying into this system, with the guarantee that come retirement age, they will receive the benefits that the Government has promised them. It should not be used for anything other than what it was created for—the security of our senior citizens.

Mr. President, this Congress must be responsible. The American people are demanding that we bring the budget into balance. For the reasons I have outlined, I support and will vote for Senator SIMON and CRAIG's balanced budget amendment.

Mr. BAUCUS. Mr. President, as any student of American history knows, President Harry Truman had a sign on his desk. It said "The Buck Stops Here."

With characteristic honesty, President Truman believed it was his job to make tough decisions. He was not much for blue ribbon commissions. He did not delegate decisions simply because they were too controversial or politically unpopular. He simply took the bull by the horns and did what he believed to be in the best interest of this country.

Yet if "Give 'em Hell Harry" were here today, I think he would be disappointed. I think he would say we're talking about passing the buck.

At first blush, the balanced budget amendment might seem to have a lot going for it. We all agree that bringing the Federal budget into balance is a worthy and important goal. But the devil is in the details.

Its passage will not, in and of itself, bring the budget into balance. That will only happen if we have the will to make a series of difficult—and I believe necessary—decisions about taxes and spending cuts. This amendment raises many serious questions. But it provides no answers.

What domestic programs should be cut or eliminated? This requires real, specific choices that, quite frankly, I do not believe many Members of this body have demonstrated a consistent willingness to make.

For instance, back in 1984, I joined with Senators KASSEBAUM, GRASSLEY, and BIDEN—two Republicans and two Democrats—in sponsoring an amendment to freeze all Federal spending across-the-board for 1 year. We got just 33 votes, almost evenly divided between Republicans and Democrats. More recently, I was one of just 31 Senators to vote against killing an amendment offered by Senator BOB KERREY to cut over $94 billion in Federal spending. Rather than the general details to follow statement of the balanced budget amendment, these cuts are the sort of real, specific choices that must be made if we are to ever bring Federal spending under control.

If we must raise additional revenue, who pays the tab?

How will Social Security and Medicare be affected?

What will it do to our economy? Leading economists, like the Congressional Budget Office [CBO], warn that passage of the balanced budget amendment could create "a substantial risk of triggering an economic downturn—which would make it even harder to balance the budget." (CBO testimony before the U.S. Senate Budget Committee, January 27, 1994.)

My disagreement is not with a balanced budget. Rather, it is with enshrining such a requirement into the Constitution without knowing the answers to these important questions.

If any businessperson entered into a major project with as little information on the risks and rewards as there currently is on this amendment, then the board of directors would probably demand his or her head.

Mike Mansfield used to say that when he cast his vote, he owed the people of Montana more than an echo; he owed them his judgment. In my judgment, we need to face the tough choices that lie ahead with honesty and determination. This amendment fails on both counts.

Mr. WALLOP. Mr. President, we have heard a lot of rhetoric from Senators who oppose the balanced budget amendment, blaming one President or the other for the size of the national debt. Some say it's Ronald Reagan's fault. A U.S. Senator should know better than that.

For the last 60 years, we have run annual budget deficits in every one of those years but 6. In fact, if you had taken our national debt of approximately $51 million in 1940 and allowed it to grow simply by the interest compounded on that debt alone, you would see a startling result. Assuming an average interest rate of slightly over 8 percent, that $51 million in 1940 would approximately equal the Federal debt today. Looking at a more recent snapshot of this data, taken from the administration's own budget, the Federal debt of $1 trillion that Ronald Reagan inherited in 1980 would, under the same analysis, be equal to approximately the size of the Federal debt today.

In other words, year in and year out, the average Federal deficit bears an uncanny relation to the amount we have to pay as interest on the debt. Some years it's more; some years it's less. But on the average, we politicians seem to be constitutionally—with a small "c"—incapable of paying for last year's spending. The two so-called $500 billion deficit reduction package that we enacted, one in 1990 and one last year, won't change things over the long term. The interest on the Federal debt is the fastest growing area of Federal spending. Together with health care spending, debt financing will soon dominate all Federal spending. That is a frightening prospect to those of us who truly believe that our duty is to "provide for the common defence, promote the general Welfare". The unbridled growth of the Federal debt will put into question both our national security and common good.

We have had essentially the same problem staring us in the face over the entire 60 years that the Government has been keeping this data. That's well over a quarter of the entire history of this Nation. And that problem is simple. We seem to be constitutionally incapable of paying off the interest, much less reducing the principal, on our national debt. The debt used to be smaller than it is now, but its growth—given our consistent failure to come to terms with it—was as predictable in 1940 as it is today.

If 60 years of past deficit spending is prolog, we are heading to fiscal Armageddon.

This has nothing to do with politics. Both parties are to blame for the debt. What this tells us, however, is that we have a structural problem with the way we operate, and we must fix that. The only structure to our Government, fortunately, is our Constitution, and it needs amendment.

Some will say that the Constitution—the document that should guarantee our freedoms and liberties—is too sacred to spoil with fiscal matters like this. To that, I would respond that there is no greater threat to the freedom of future generations of Americans than the legacy of the past 60 years of fiscal irresponsibility by the Federal Government.

Mr. President, U.S. Senators are merely people representing the other people who pay our salaries. Those poor folks are then left to pick up the pieces when we're done. What kind of legacy are we going to leave them? People are fond of saying that there are two kinds of people—those that make excuses and those that make mistakes. We've made mistakes, and now we have an historic opportunity to put our Government on the right track. Making excuses simply won't do any more. The American public knows it and so should we.

I do not suffer from the illusion that the proposal we are debating today will solve our spending crisis. While the amendment is referred to as the balanced budget amendment, I prefer to view it as the spending restraint amendment. This amendment does not mandate a balanced budget. It simply requires that three-fifths of the Congress must vote in the affirmative on any annual budget that spends an amount greater than the revenue collected. In the Senate, 60 votes would be required to expand the national debt. That is a hurdle, a restraint, but it is not an outright prohibition on deficit spending. Congress will be able to respond to crisis. However, we will stop the annual binge of spending beyond our revenue. It is an imperfect solution, a small step. The challenge will remain for Congress to restrain spending, to halt the growth of centralized Government. Only if this amendment contributes to that effort, does it deserve to be ratified.

Mr. LIEBERMAN. Mr. President, I intend to vote against Senate Joint Resolution 41, the balanced budget amendment. I want to be clear. I support a balanced budget. I have worked hard to move us closer to achieving that laudable goal. But over the past several months, I have weighed the arguments on both sides as to whether a balanced budget amendment to the Constitution is the way to achieve that goal.

In the end, I conclude that this is not the way to balance the books. I am deeply concerned that this genuine effort to do good will have very undesirable, and unfortunate, unintended consequences. And I am equally concerned that even if Congress adopts this amendment, it will serve as an excuse to delay, rather than accelerate the budget cuts we need to make now.

How could passage of a balanced budget amendment actually delay budget cutting? Let us be frank. This amendment will give a lot of people cover to continue free-spending ways. It is the easy way out. The amendment will not take effect for at least 7 years, even if it were ratified immediately following congressional passage. But, in the interim, when challenged about new spending or failure to make real cuts, members can respond, "But I voted for the balanced budget amendment."

If we do not believe Congress can face up to the hard choices necessary to balance the budget now—which is what proponents argue—what makes us more optimistic that Congress could face up to those hard choices in the years between congressional passage and ratification by three-quarters of the States? The balanced budget amendment will not be a certainty during that period, so Members will have an incentive to defer making painful cuts until ratification occurs. Even after the amendment is ratified, why should it be easier for Congress to pass implementing legislation? After all, the amendment can only be enforced by an act of Congress and it cannot be enforced by the courts. If Congress truly lacks the ability to act, real cuts will continue to be deferred and the spendthrift ways will continue regardless of passage of this amendment.

I am also gravely concerned about what would result if this amendment is actually ratified. I am concerned that this amendment will compel higher taxes, which is clearly the hope of at least some of the proponents. Particularly if there are no tax increases—and I believe we have had enough tax increases already—I am concerned that it will cripple our national defense and probably dictate cuts in Social Security. I am concerned about what this might do to the people of Connecticut.

When I was elected to the Senate in 1988, I came here believing that we needed to cut the budget; 5 years later, I do not just believe we need to cut the budget, I know we must cut the budget. And we should be getting our budget in order now, not 7 years from now.

Because of my concern about the deficit, I voted for the 1993 reconciliation bill, which cut $500 billion from the budget over 5 years. But that bill did not go far enough. I said at the time

that I wanted to see even more spending cuts. In an attempt to make those cuts happen, I have introduced a package of cuts totaling $160 billion in deficit reduction over 5 years, and have actively worked with Senators KERREY and BROWN to forge a bipartisan budget-cutting effort that would trim $94 billion over 5 years. Two weeks ago, we brought that package to the Senate floor. I regret that our efforts failed in a 31–65 vote.

That lopsided vote gave me some pause about whether or not we would ever find the political will to cut the budget. It also made me take a closer look at the balanced budget amendment as a way to get our budget under control.

In the end, I am convinced that what we need to do is to continue to work to cut the budget in a meaningful, methodical and thoughtful way. We need to "Just Do It!" We must set priorities among the myriad tasks facing the Federal Government, and fund only those we can afford. This means making hard choices to eliminate some programs or to exclude some beneficiaries. But it is a deliberate, informed process.

At a time when Connecticut is struggling to emerge for the longest and deepest recession in recent memory, passage of this amendment would throw us into reverse. A recent study by Wharton Econometrics Forecasting Associates projected that if the balanced budget amendment was passed, by 2003 Connecticut would see: A 12 percent drop in total personal income; a loss of 64,000 nonagricultural jobs; and a increase in the unemployment rate by 3.5 percent.

As a member of the Senate Armed Services Committee, I am also very troubled by what passage of this amendment would do to our national defense. Secretary Bill Perry has told us that the additional cuts that would result from this amendment would devastate our defenses. According to Secretary Perry, the Defense Department will have to: Reduce our active duty forces by almost 500,000 more people, to 1,125,000 instead of 1,600,000; cut 40,000 to 170,000 more reservists than are already planned to be eliminated under current defense downsizing; reduce civilian DOD personnel by 30,000 to 125,000; close 31 more bases and installations around the country; cut or eliminate the F–18E, F–18F, C–17 and F–22 aircraft programs; cancel the Seawolf submarine, and cancel the new attack submarine; cancel all work on the M–1 tank; and cut significantly the Comanche helicopter program. The cold war may be over, but the world is still a dangerous place. This amendment would hobble, rather than strengthen, our ability to deal with security threats in an ever-changing world. It will make our military little more than a hollow shell. And if the military has to make these cuts to survive, we can simply forget about defense conversion assistance.

Finally, we have to be concerned about the unintended consequences that could result from enactment of this amendment. We have never before amended our Constitution on a matter of fiscal policy. The Constitution is not the place to enact fiscal policy. Changing the Constitution is and should be an extremely cumbersome process. If we discover we need to technically fix the fiscal policy we would be placing in the Constitution by this amendment, it could take years.

As a Senator from 1 of the original 13 States, and 1 of the small States among those original 13, I think we must also be wary about how this amendment would alter the balance of power between the States. Our Constitution embodied a grand compromise between large States and small States, with representation based on population in the House of Representatives and equal representation for each State in the Senate. Under the balanced budget amendment, however, 40 percent of either House would gain the unprecedented power to halt the entire budget if there is to be a deficit. This would permit a handful of large States in the House of Representatives to band together to demand changes in, for example, funding formulas as a condition of waiving the balanced budget requirement. Groups of small States would be at an extreme disadvantage. I fear what the results of such a system would be for the people of Connecticut. Like it or not, this amendment would open the door to these types of legislative games.

We have never before subjected the entire budget process to supermajority approval and filibuster. It is hard to believe this will work to our national advantage. Let us take just one example. In the previous administration, we saw a real reluctance to admit that there was a recession. The people of Connecticut who were losing their jobs knew there was a recession, but some politicians here in Washington, DC did not want to say there was a recession. Would 60 percent of each House of Congress have been willing in 1989, 1990, 1991, or 1992 to declare that there was a recession justifying deficit spending? I doubt it. I suspect that the administration would have been able to rally at least 40 percent support in one House to support its view that there was no recession. That would have meant no fiscal stimulus to jump start the economy and create jobs for people.

As Members of Congress, we must make the hard choices necessary to balance the budget. But we have to consider the means by which we get to that end. With or without this amendment, the only way to reach a balanced budget is by stepping forward to put credible and thoughtful budget cuts on the table. The bipartisan Kerrey-Brown group, of which I am a member, is trying to do just that. I encourage my colleagues to join us in our efforts now, rather than putting it off for 7 more years.

Mr. BRADLEY. Mr. President, the balanced budget amendment is either a sham or a monster. In either case, it should be rejected.

The American people, if you take a poll, say they want the balanced budget amendment. I think what they are really saying is they want truth in Washington and they want politicians to step up to the plate and vote for spending cuts or tax increases or both. Sure, they want a balanced budget. But, that same American public, by a 5-to-1 margin, believes that the balanced budget amendment will not produce a balanced budget. The reason is, I believe, that they see it as a sham.

They have watched us over the last decade talk about balance, yet run up a huge debt. They have seen the Gramm-Rudman backers predict by 1990 that there would be a $36 billion deficit. Instead, there was a $200 billion deficit. I think that they are fed up with gimmicks. This is a gimmick, and a dangerous one. The balanced budget amendment is an excuse for congressional inaction, on the one hand, and a monster in which real power is ceded to the courts of this country and to a minority in the Congress.

Mr. President, I would like to make a few points which apply equally to the Simon and Reid proposals. First, the Constitution deserves to be treated with more respect. The Constitution is our most fundamental law. A change in our Constitution affects the whole body of law, our legal tradition, and our national heritage.

Since the adoption of our Constitution in 1789, the amendment process has been used very sparingly. Twelve of the twenty-six amendments protect the most basic rights of individuals, including the Bill of Rights, the prohibition of slavery, and the guarantee of due process and equal protection. Five of the twenty-six amendments extend the right to vote. Seven of the twenty-six amendments deal with how our Government should be structured: judicial power, the electoral college, the income tax, popular election of Senators, et cetera.

Of the 26 amendments enacted, all but 2 have been drafted to correct a flaw in the original structure of the Constitution or to protect the fundamental rights of American citizens. The only two exceptions are the amendments which were passed to establish Prohibition and then to repeal it.

Prohibition—established by the 18th amendment and repealed by the 21st amendment—was a scar on the face of our Constitution. Its proponents screamed, "Keep us from drinking" only to find there was not the will equal to the words.

I find a parallel between the prohibition amendment and the balanced budget amendment. Proponents of this amendment will scream, "Keep us from spending" only to find that there must be the will to equal the words. And, without that will, the amendment will make little difference.

This leads me to a second point: the balanced budget amendments do not balance anything. The Simon amendment, for example guarantees only one thing: that supermajorities—60 votes—will be required to raise the debt limit or approve outlays in excess of total receipts. This amendment does not cut a program or raise a tax. It does not make the books balance. Indeed, it is impossible to say exactly what it does, since the very terms used in the amendment are not legally defined.

I do not believe the public really understands that enabling legislation will have to be passed to explain exactly how this amendment will work. If you read the resolution, the amendment will not go into effect until—at the earliest—the next century, in part to give Congress the chance to work through the details. As with everything, you have to read the fine print. That is what this enabling legislation is: the fine print.

Congress has already demonstrated well how adept it is at managing this budget process through fine print and loopholes. When we passed the Gramm-Rudman-Hollings Act in 1985, the deficit target for 1990 was $36 billion. In 1987, we revised the target to $100 billion. The actual deficit in fiscal year 1990 was $220 million. This is what happens when the process—and the fine print—meet reality. It is obvious that saying there will be a balanced budget does not make it so. As they say, the big print giveth and the fine print taketh away.

If we lack the will and leadership to balance the budget, we will not balance it. Instead, we will: Use timing mechanisms to shift spending and tax collection points between fiscal years to hit short-term targets; make optimistic assumptions about revenue collections, economic growth, and outlays; create off-budget agencies with their own Government-guaranteed borrowing authority—for example, Synfuel Corporation; pass increased spending cuts onto State and local governments through mandates or regulations.

One gimmick will spawn others. That is our own history.

This leads me to my third point: the Balanced Budget Amendment is no substitute for political courage. These amendments sound great. The special interests, crying spend-spend-spend, will not get their way as easily as before. It will take three-fifths of both Houses to further encumber our children with public debt.

What concerns me is actually the converse: that a two-fifths minority of either House can stop the Government in its tracks. For example, every year we have to increase the debt limit—something that is not likely to change soon with or without the Simon amendment. If we do not pass the ceiling, we shut down.

What an enormous opportunity for political games. This amendment's legacy may be more tough votes and more political leverage to a minority of Congress. We saw it with the Clinton budget package, we saw it with NAFTA. Close—and important—votes cost the taxpayer. I want my military base left open, my district's planes to be bought; I do not want this increase in grazing fees or that environmental regulation.

If this constitutional amendment had been in place during the 103d Congress, the Clinton budget package would not have stood a chance. Sixty Senators would never have supported that $500 billion deficit reduction package. The legacy of a BBA in the 103d Congress would not have been a balanced budget. It would not have created action. The effect would be the exact opposite. Higher deficits. Same old gridlock.

But gridlock this time is especially pernicious and leads me to a fourth point: the potential shift of power to the courts is unprecedented and dangerous. Legal scholars from Larry Tribe to Robert Bork oppose this amendment. Their analysis highlights several scenarios where the power to cut spending—and, indeed, raise taxes—will end up in the courts.

Scenario A: Gridlock. The Congress cannot muster to supply the votes to cut programs or increase taxes needed to balance the budget. At the same time, the Congress cannot supply the three-fifths support required to increase the debt ceiling or increase the deficit. The courts are required to uphold the Constitution and the Constitution says that outlays cannot exceed receipts, so the courts—

Scenario B: Wishful Thinking. Faced with difficult decisions, the Congress adopts a budget based on rosy projections of income and low outlays. Someone sues, asserting that Congress cannot balance a budget simply by saying it is so. The courts agree and—

The fact is we do not know what the courts would do. Maybe they would order the Government to stop spending or cut programs across the board. Or, relying on the logic expressed in the case of Missouri versus Jenkins, the courts might decree that receipts—that is taxes—have to increase. In any event, the courts would be moving into our Nation's fiscal policy in a way that is unprecedented, unfortunate, and unwise.

My final point is that, even in the abstract, the balanced budget amendment represents bad economics. The BBA attempts to make a balanced budget the foremost economic goal of the Government. I agree that the deficits we've been running are dangerous, and I admit to being as frustrated as any with the budget process. But not all deficits are bad, while a single-minded and simple-minded approach to fiscal control is.

A longstanding belief behind our economic policies has been the ability of fiscal spending to moderate our cyclical downturn. We have many programs in place that operate as automatic stabilizers. These programs—such as unemployment insurance, food stamps, and AFDC—assist those people who are most directly affected by a sagging economy.

Under the proposed constitutional amendment, unless 60 Senators agreed, these automatic stabilizers would have to be curtailed or other programs sacrificed to keep them going during economic downturns. Forcing discretionary cuts or tax increases in years when recession reduces tax receipts would be ill-advised. Balancing the budget is not unambiguously positive or appropriate.

Hundreds of economists, including Nobel prize winners lined up to oppose this amendment when we considered it in 1992. They were right.

Mr. President, let us reject these gimmicks. Let us reject government by slogan. The public have had enough. Last summer and fall, I repeatedly came to the floor to offer amendments to cut spending. One of my proposals received support by a majority of the Senate. It was not a lot, but it was something.

I encourage all of my colleagues to make these proposals. Let us consider these proposals, vote on them, and—hopefully—adopt them. We have been sent here to make tough choices, not mouth platitudes.

Mr. PRYOR. Mr. President, I come to the Senate today as a Member who has twice cast votes in favor of a constitutional amendment to balance the budget. In 1982 and again in 1986, I voted for such an amendment. I will vote "no" today, and I would like to discuss why.

During my years in the Senate, we have cast a number of other votes that would have gone a long way toward balancing the budget. The outcome of those votes have had a dramatic impact on me as I prepare to vote on the latest incarnation of the balanced budget amendment.

Only 2 years after 69 of us voted for the balanced budget amendment in 1982, we voted on a 1-year, across-the-board spending freeze. I voted for that freeze proposal, but saw it fail after gathering only 33 votes.

And only 1 year after 66 of us voted for a balanced budget amendment in 1986, we again had the opportunity to vote on a 1-year budget freeze. Again, I voted for that plan, and again it failed, mustering only 25 votes.

More recently, I was a member of a House-Senate conference committee

that last August put together the deficit-reduction package that will cut the deficit by almost $500 billion over the next 5 years. That is real budget balancing in action, not a promise of it starting in the year 2001. But many Members who are voting for this constitutional amendment today were also supposed to be on that conference committee, making the tough choices they have been talking about for the last week, and they did not even bother to show up for the meetings. And out of the 55 cosponsors of today's balanced budget amendment, 40 voted against last year's deficit-reduction plan.

Just a few weeks ago, I voted for legislation that would save another $43 billion over the next 5 years, and watched as that vote mustered only 20 votes. Undoubtedly, many of the people who voted against the amendment will vote today for the balanced budget amendment.

All of this just goes to show that there is a great difference between the number of Senators who will vote for a balanced budget in principle and those who will make the actual tough choices it takes to balance the Federal budget. Balanced budget rhetoric is cheap, but unfortunately, it is plentiful in politics. As a result, proposals for a balanced budget amendment, as well intentioned as they have been, have served to provide political cover for those who will not make the hard choices.

We can no longer vote to provide such political cover. Members of Congress who are willing to make the tough choices it takes to balance the Federal budget simply cannot afford to hand over a figleaf to those who will run from such decisions. It is time for all of us to start making such choices and to quit telling people to "watch what I say, not what I do."

Mark Twain once said that "for every problem there's a simple solution—and it's wrong." Our experience over the past dozen or so years with the legislation to which I have previously alluded and with others, such as the Gramm-Rudman legislation—which I also voted for—have shown that there are no simple solutions, there are no silver bullets and there is simply no substitute for the hard work we must do and tough decisions we must make to balance this budget.

President Clinton, through last year's deficit-reduction package and through additional budget-cutting efforts this year, has shown a real commitment to doing what it takes to start balancing the budget now—not starting in the year 2001. By working with the President last year, a slim majority of Congress showed it was willing to come to the table and make hard decisions. It is time for the rest of Congress to join at the table and to leave the figleaves behind.

Mr. President, it is time to stop playing politics with this issue, and start making the tough choices we need to balance the budget. Let us not tinker with the Constitution.

Ms. MIKULSKI. Mr. President, I will vote against the balanced budget amendment.

We do need a balanced budget. But we should achieve it by following the steady, responsible course we adopted last summer when we passed the President's deficit-reduction package.

I strongly support cutting the Federal budget deficit—and we are doing that. With the President's deficit-reduction plan now in place, the deficit for 1995 will be $126 billion smaller than it would have been without the plan.

Among the many cuts we have made, we have reduced unnecessary foreign aid programs, eliminated the Federal honey and wool subsidies and limited Federal housing assistance. We also plan to reduce the Federal work force by 252,000 positions. We have made tough decisions and we will continue to make more.

The proposed budget for this coming year will terminate 115 programs. For example, it would end numerous oceanic research programs, kill defense weapons systems, and end oilseed export subsidies that will save $50 million.

We are making the cuts and tightening our belts. This is what the citizens of Maryland sent me here to do.

But a balanced budget amendment would put at risk the recovery we are in. It is a radical approach that could lead to job losses and tax increases.

A balanced budget amendment would put at risk commitments the Federal Government has made through Social Security and veteran's benefits. And, it would endanger our chance of passing health insurance reform, which in time will lead to more deficit reduction.

Finally, even if the balanced budget amendment passed, it would need to be ratified by the States and would take years to implement. We should continue the provable, positive steps we have been taking to reduce the deficit, which have led to our current recovery.

For these reasons I will vote against the balanced budget amendment.

Mr. WOFFORD. Mr. President, in 1991 I said I supported a constitutional amendment to balance the budget. While I have always been ready to consider improvements in the exact form of the amendment, nothing has changed my conviction that a constitutional amendment will help give Washington the discipline it needs to continue the progress we have at last been making in reducing the Federal deficit.

But for the tragic failure to impose self-discipline by the Congress and Presidents Reagan and Bush in the dozen years up to 1992, we would not now be turning to a constitutional amendment. It is hard to believe that a reckless policy of borrow and spend took us so far down the road into quadrupling our national debt from less than $1 trillion to more than $4 trillion.

Last year, we began to change course. We passed the largest deficit-reduction package in history. The deficit next year will be nearly 50 percent lower than first predicted. And we made this progress without damage to our economy. But we must do more.

A balanced budget amendment is not a cure-all. It does not tell us how to balance the budget. But it does tell us that we must balance the budget.

We will have to make difficult choices to achieve that goal. I have been willing to make those choices. That is why I voted for last year's $500 billion deficit-reduction plan. That is why I introduced some $75 billion in even deeper cuts in Federal spending. That is why I voted for more than 90 percent of the cuts in appropriations that were proposed on the Senate floor last year.

I respectfully disagree with my friends and colleagues who believe that the constitutional amendment will prevent the Federal Government from dealing with economic emergencies. It changes the rules—but will not prevent us from taking action.

I also disagree with those who argue that balancing our budget is a threat to critical domestic programs. I would never support a proposal that threatened programs such as Social Security and Medicare which serve so many Americans so well.

And I especially disagree with anyone who argues that passing the balanced budget amendment will prevent enactment of comprehensive health care reform. What is hard for me to understand is how some people support a balanced budget amendment and oppose health care reform, when everyone knows that health care spending is the driving force behind the deficit.

Whatever the final outcome of today's vote, we all must continue our work in cutting the deficit. And the most important order of business to make that happen is to pass health reform legislation that brings down the health care costs that are driving up that deficit.

We owe it to our children and grandchildren to live within our means today, so they are not saddled with debt tomorrow. A balanced budget amendment will help us fulfill that obligation.

Mr. BRYAN. Mr. President, I support a constitutional amendment to balance the Federal budget, and to accomplish that goal, last year, I cosponsored Senate Joint Resolution 41 introduced by Senator PAUL SIMON.

When I took the oath of office in 1983, as Governor of the State of Nevada, our State, like the Nation, was in the grips of deep recession. However, the Nevada State Constitution requires a balanced budget. The necessary, excruciating

task of balancing the State budget took strong executive and legislative leadership. Those tough decisions were made and each year the State budget was balanced. Nevada is not alone in requiring a balanced budget. Many States across the Nation require Governors to submit, and legislatures to pass, budgets that reconcile revenue and expenditures.

Our burgeoning Federal deficit is the greatest crisis facing our Nation today. It is gobbling up our savings, robbing our ability to invest in infrastructure, and saddling our children with an enormous bill that will have to be paid. The deficit limits our policy options. Our choices remain small as we pay interest on our $4 trillion debt and future generations who inherit our liability will have even fewer alternatives.

We have heard much concern about the future of the Social Security trust fund during this debate. It is very important that the strength of the Social Security system be maintained. No person eligible for Social Security should ever have to worry whether there will be sufficient money to cover their benefits. There is nothing in the balanced budget amendment that targets or mentions Social Security. In fact, efforts to bring the budget deficit under control should strengthen the future of Social Security as it will allow the Government to meet its obligations to important programs, such as this, rather than spend hundreds of billions of dollars on interest on the debt.

In 1994, it is estimated the Federal deficit will reach $253 billion. Our deficit is growing at a rate of $4.87 billion per week. Imagine, Mr. President, every day the Federal Government spends $700 million dollars more than it takes in. The national debt, the cumulation of these deficits, has grown to over $4 trillion. These are staggering figures.

The last time the budget was balanced was in 1969. Since I was elected to this body in 1989, I have been frustrated by the complete inability of Congress and the President to solve this problem.

At the Federal level, it is clear that legislative solutions have not worked. In 1985, the Gramm-Rudman-Hollings Act was passed and the Federal deficit was $212 billion. In 1990, we passed the Budget Enforcement Act to reduce the deficit by almost $500 billion over 5 years. In 1993, Congress passed another Omnibus Deficit Reduction Act that was supposed to reduce the deficit by almost $500 billion over 5 years.

However, the President's budget, recently submitted to Congress, projects a deficit of $175 billion for next year. The problem is not getting any better. Even the President's budget projects that the longrun outlook is discouraging.

According to the Congressional Budget Office, if current policies stay unchanged, the Federal deficit will climb steadily after the late 1990's. CBO projects that the Federal deficit will climb every year after 1998, topping $360 billion in 2004.

The underlying deficit remains stuck at about 2.3 percent of the gross domestic product. The debt, expressed as a percent of gross domestic product, represents the ability of the economy to carry debt. When the debt-to-gross domestic product is rising, domestic investment is adversely affected. The deficit held by the public relative to gross domestic product has reached over 50 percent.

What kind of prospects are there for reducing a national debt that will have more than tripled in 12 years? Between the end of 1981 and the end of 1993, the national debt increased about three times as much as in the entire previous 194 years of U.S. history.

Mr. President, not only is the Federal deficit itself a problem, interest payments to service the debt are devouring precious Federal dollars. Gross interest paid on the national debt consumes over 14 percent of the budget—$298 billion. This growing portion of our Federal budget threatens to take over any other single item of spending.

As the debt service consumes more and more of the budget, the amount of resources that can be devoted to other needs are restricted. We are a country starving for resources.

Mr. President, a balanced budget amendment to the Constitution will force the President and Congress to approach this matter in a way necessary to evaluate spending and get the deficit under control. There are those who say a constitutional amendment is unwarranted, that the budget can be balanced any time the Congress and the President have the will to make tough decisions. The tough revenue and spending choices that have to be made have become the chief argument against an amendment.

Yet, however painful these choices are, these are not arguments against an amendment, but a complaint against fiscal responsibility. The balanced budget amendment is a means to an end. Demands on the treasury must be reconciled with how ample are the coffers.

Our amendment is straightforward and simple. It would require that total outlays for any fiscal year shall not exceed the total receipts for the fiscal year, unless three-fifths of the whole number of each House of Congress votes for excess outlays. It would require a three-fifths vote to increase the debt limit. It would require the President to submit a balanced budget to Congress. It allows the provisions to be waived in case of war. It would take effect beginning in 2001. And, finally, it requires the Congress to pass legislation implementing the balanced budget amendment.

Mr. President, the American public is crying out for action. We need to heed the advice of one of our Founding Fathers, Thomas Jefferson, who warned:

> I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its constitution; I mean an additional article, taking from the federal government the power of borrowing. * * * I place economy among the first and most important of republican virtues, and public debt as the greatest of the dangers to be feared.

Let us not wait any longer. Let us remove these shackles of debt and free ourselves from the prison of interest payments and pass a balanced budget amendment now.

Mr. DANFORTH. Mr. President, first, I would like to thank the distinguished Senator from Illinois and the distinguished Senator from Utah for their commitment and dedication to the cause of a balanced budget amendment to the Constitution. There is no question in my mind that these two Senators, along with Senator CRAIG, have been the moving force behind this amendment and that, after decades of debate, the amendment now stands its best chance of passage due to their efforts.

I also want to thank my colleagues for their willingness to give serious consideration to concerns which I have expressed about the enforcement mechanism contemplated by this amendment. The substitute which is being introduced today, incorporates language which I, together with Senators COHEN, NUNN, and DOMENICI, have asked to be inserted. Specifically, the language is as follows:

> The power of any court to order relief pursuant to any case or controversy arising under this article shall not extend to ordering any remedies other than a declaratory judgment or such remedies as are specifically authorized in implementing legislation pursuant to section 6.

This language is intended to ensure that our Constitution's separation of powers is respected in this constitutional amendment. Although not intended by the authors, I have long feared that the courts under the amendment would have the power to order equitable remedies that would forever entangle the judiciary in powers delegated by the Constitution to the legislative branch. My main concern, fueled by a recent decision of the Supreme Court, Missouri versus Jenkins, has been that courts would feel compelled to order increases in taxes if Congress failed to exercise its constitutional responsibility to balance the budget.

Our language would ensure that courts do not exercise extreme equitable powers unless Congress specifically authorized them to do so. Moreover, in the event that, some time in the future, Congress found that some

additional remedy was needed, it could grant that power to the court. This would have to be done democratically, through a majority vote by elected representatives of the people and not via the overreaching of an unelected judge. Congress has jealously guarded its own powers in the past and I trust that we will continue to do so in implementing legislation under this amendment.

Mr. COHEN. Mr. President, I want to commend Senator DANFORTH for his diligent efforts to assure that the balanced budget amendment would not lead to judges usurping Congress' power of the purse. I have been pleased to work with him and Senator NUNN and Senator DOMENICI on limiting the authority of the Federal judiciary with respect to budget policy. When the Senate debated the balanced budget amendment in 1982, I supported an amendment by Senators GORTON and RUDMAN to limit the role of courts in enforcing the balanced budget amendment. Unfortunately, the Senate did not accept that amendment. Subsequently, I offered an amendment authorizing courts to order a full range of remedies with respect to the balanced budget amendment. I then motioned to table my own amendment, and this motion passed 96–0. I pursued this strategy to make clear that the rejection of the Gorton-Rudman amendment should not be interpreted as the Senate's intent to have Federal judges making budget decisions. I am pleased today to join Senator DANFORTH in offering language to the balanced budget amendment which makes clear that the Senate strongly opposes the prospect of judges raising taxes or cutting spending in enforcing the amendment.

Mr. NUNN. The Senator from Missouri points out that the modification would prohibit courts from devising their own tax increases under the amendment. But the intent of this modification is also to prevent the courts from substituting their own spending priorities for those of the Congress. This amendment would preclude judges from ordering spending cuts in certain portions of the Federal budget but not in others, or devising court-ordered mixtures of tax increases and spending cuts.

Mr. DANFORTH. The Senator from Georgia is correct. This modification prevents the courts from assuming under this amendment either the taxing or the spending powers that have been granted to the Congress.

Mr. SIMON. Mr. President, I want to commend the Senators on their addition to the amendment. I was wondering if I might pose a few questions to clarify my understanding of its meaning?

Mr. DANFORTH. Certainly.

Mr. SIMON. I appreciate the earnest and careful consideration which my colleagues have given to this issue. I believe the language helps to clarify the role of the courts in enforcing the amendment, and I welcome the Senator from Missouri's support for the amendment as a result of its inclusion. I might add that I believe the balanced budget amendment prior to the addition of this language precluded any interpretation of the amendment that would have resulted in a shift in the balance of powers among the branches of government. That being said, I welcome the language as clarifying the intent of the sponsors all along. My question for the Senator from Missouri is the following: Is it his intention to prohibit Congress from specifically authorizing judicial remedies beyond declaratory judgment in the implementing legislation called for in section 6 of the amendment?

Mr. DANFORTH. That is not my intention. I just want Congress to retain control over what remedies are permitted to the courts and what remedies are not afforded to the courts. In the absence of implementing legislation, however, I want the amendment to be clear that a court is not empowered to order any remedy other than a declaratory judgment. My fear has always been that if we did not specifically limit the remedial powers of the judiciary in the amendment, the courts would assume that they had every remedy available. That would be too great an extension of judicial power, at the expense of the legislative branch. It is my expectation that Congress will act prudently and refuse to expand traditional judicial roles in implementing legislation. Certainly, this legislation does not expand the courts' existing jurisdiction.

Mr. SIMON. I thank the Senator for his explanation. I would like to clearly state my position on this point. In my view section 6 of the amendment—prior to this modification—gave Congress wide flexibility to fashion an appropriate enforcement mechanism. Indeed, under section 6, Congress retained authority to specify in the implementing legislation both the type of litigant who could sue under the amendment and the judicial forum permitted to hear such cases. In my view, the modifying language added by my colleague from Missouri does not alter Congress' flexibility in this regard. Does my colleague agree?

Mr. DANFORTH. Yes, I do. Although the language of section 6 on its face neither limits jurisdiction over suits to any particular court nor restricts standing to a specific group of plaintiffs, it certainly leaves Congress the option of taking either step in its implementing legislation.

Mr. HATCH. Would the Senator yield for a question?

Mr. DANFORTH. I would gladly yield to my friend from Utah.

Mr. HATCH. Is there anything in the amendment as offered, including the Senator from Missouri's language, which is intended to alter or expand in any respect the Supreme Court's decisions interpreting standing, justiciability, the political question doctrine, or any other of its decisions limiting judicial review, Federal court jurisdiction or the ability of the courts to fashion relief?

Mr. DANFORTH. Absolutely not. It is not the intention of the authors of this language to expand the jurisdiction of any court under the amendment. This language is directed at limiting the remedies available to a court, once a party has successfully brought a case of controversy before the court. That is the reason that the terms "case or controversy" were included in the language added to the amendment.

Mr. DOMENICI. Mr. President, I decided to join the senior Senator from Missouri on this issue because I am concerned that this amendment might be interpreted to grant new powers to the judiciary.

Over the history of the Senate's consideration of the balanced budget amendment I have always been troubled that this amendment to the Constitution might disrupt the balance of powers in our Constitution. In the past, I have either offered or insisted on language similar to that which is included in section 6 of the current amendment making it clear that it is Congress' responsibility to enforce and implement this amendment to the Constitution with appropriate legislation. The addition of the language suggested by the Senator from Missouri clearly limits the judiciary's role.

I am still troubled that the proposed amendment to the Constitution might be interpreted to grant new powers to the President to impound funds or raise taxes. I wonder if the managers could respond to whether this amendment provides any impoundment or taxation authority.

Mr. HATCH. I would be glad to respond to the Senator from New Mexico. The short answer to his question is "no." This constitutional amendment provides no new authority to the President beyond what is provided in article II of the Constitution. Moreover the amendment does not erode any of the powers granted to the Congress under article I of the Constitution. The only mention of the President in the amendment is to require the submittal of a proposed budget in which total outlays do not exceed total receipts.

Mr. SIMON. I agree. I would like to emphasize that, whether or not the President currently possesses an authority to impound funds, this amendment does not grant the President any new powers of impoundment. Indeed, the amendment contemplates that the Congress will determine, in its implementing legislation, the President's role in enforcing the amendment. Congress' ability to regulate executive authority under the amendment is under-

scored by the committee report to Senate Joint Resolution 41, which states that "Congress is to enact legislation that will better enable Congress and the President to comply with the language and intent of the Amendment." Similarly, section 6 of the amendment states that Congress—not the President—shall "enforce and implement" the amendment. I think there can be no question that the President's authority to impound funds under the amendment—to the extent that such authority exists—may be limited by Congress in implementing legislation.

Mr. BIDEN. Mr. President, we have heard much during the debate on this issue about our responsibility to future generations. I believe that this is the appropriate way to frame the choices before us today: how can we best serve the enduring interests of the American people?

No vote we cast today, whether for or against the proposals before us, will cut a dollar from this year's deficit or from the accumulated debt of recent years. No, Mr. President, today we are not voting to cut deficits or to reduce the national debt—we are voting on the means by which we will reform the Federal budget process.

More significantly, today we face decisions on amending our Constitution, decisions intended to have permanent effects on the way we make our budget decisions, and on the fundamental structure of our Government itself.

So let us not mistake any vote today for the tough choices that—whatever we do—will still stand between us and a balanced budget.

Personally, Mr. President, I face a decision to amend our Constitution with caution and a great deal of humility. Certainly, tough decisions will be required to restore balance to Federal finances, but it is by no means clear that by simply invoking the Constitution we will make those decisions any more likely.

Humbled by the knowledge that we will be prescribing budget procedures for future generations, I want to be sure that we do not unintentionally saddle them with unworkable, counterproductive mandates in our most fundamental law. I do not want to undo the carefully constructed checks and balances, or the principle of separation of powers, that make our Constitution a model for popular government around the world.

But I am afraid that is exactly what Senate Joint Resolution 41 will do. Two years ago, and again last year, I voted to send this proposal from the Judiciary Committee to the whole Senate for debate. On both occasions I listed in the committee report a number of concerns that I have raised over the years about the way this proposed amendment to our Constitution would work. Because of those concerns, I have voted against similar proposals the last two times that they came to the floor of the Senate.

Those problems are still in the Simon amendment before us today.

As I stated at the time of those votes, I did not disagree with the proposition that our Federal finances are in a deplorable state. I did, Mr. President, express doubts that the Simon proposal could improve our budget practices, and concerns about potential damage to our Constitution far beyond its intended consequences on budget decisions.

At the top of my list of concerns about the Simon proposal is that it writes into the Constitution the use of Social Security surpluses to cover up the real deficit in our country's annual budgets. Many of my colleagues have registered this same concern, that Senate Joint Resolution 41 would use Social Security trust funds—funds that are needed to meet Social Security's legal and moral obligations in the next century—to hide current operating expenses.

So my colleagues will know what is at stake, let me show what this practice will mean. In the year 2002, 1 year after the Simon proposal would take effect, the surplus in the Social Security trust funds will be—for that 1 year, Mr. President—the surplus will be $110 billion.

That is, Mr. President, under this so-called balanced budget amendment we could run a $110 billion deficit and count the budget as balanced. We need to be honest here. If we are going to spend more money than we have to pay for new missiles, or new highways, or medical research, we should not hide behind funds that legally and morally belong to the Social Security system.

In addition to the comments I added to the last two committee reports on this proposal, I also explained my concern about this provision of the Simon amendment in a statement for the RECORD 2 years ago.

Mr. President, we voted in 1990 to treat those funds honestly, to keep them off budget; I see no reason to put them back on budget now, and certainly not to put such a provision in the Constitution.

Senator REID'S amendment protects Social Security from this budgetary gimmick, which is one of the many reasons why I will vote for it.

Mr. President, I am sure that my colleagues recall the famous compromises between large States and small States that shaped the structure of our Constitution. As a Senator from a small State—and, Mr. President, from the first State to ratify our Constitution—I am particularly sensitive to those features of our Constitution that we intended to protect the interests of small States.

By requiring three-fifths majorities to make key economic decisions, Senate Joint Resolution 41 puts in the hands of minority—40 percent plus one of either House of Congress—the power to dictate terms to the majority.

Mr. President, as the distinguished President pro tempore has conclusively demonstrated, the five most populous States could, through the provisions of Senate Joint Resolution 41, threaten to shut down the Government of the United States—by refusing to pay our legal debts. That threat could be used to extract concessions from all of the other States on virtually any legislation.

Legislation debated here in the Senate has effects on every State in the Union; the laws we pass allocate funds among the States for the many functions of government. As my colleagues from less populous States know well, as we undertake the difficult decisions needed to bring our budgets into balance, the first to feel the pain will be those without the votes to defend themselves.

Large and medium States will, I am afraid, find it very easy to sacrifice the small States to achieve savings in highways funds, educational grants, and other programs.

Let us assume that Congress faces an unexpected $20 billion deficit. Are representatives going to vote to bust the budget when they can make cuts that would not affect their own States? With big States holding the threat to shut the Government down, the temptation would be enormous to go after the little guy. Large and medium States would find it too easy to grab the minimum funding that small States are promised, for example, under the crime bill. Smaller States would be cut out of the pie.

This is just the sort of problem that our current bicameral legislature was designed to avoid, representing States as equals in the Senate, representing citizens by numbers in the House.

Additionally, Mr. President, Senator SIMON'S proposal would lead Presidents to impound funds, authorized by Congress, that may exceed revenues in a given year. I am afraid that the largest States—with the most electoral votes—would be much more important than small States to any President confronted with such choices.

So Senate Joint Resolution 41 would upset the carefully crafted balance of powers in our Constitution, and would do so in ways that are particularly harmful to the interests of small States. The Reid substitute however, does no such damage to the Constitution or to small States.

Mr. President, the Reid amendment avoids other problems raised by the Simon amendment.

We have often heard from proponents of Senate Joint Resolution 41 that the Federal Government must balance its budgets, just as the States, businesses, and private individuals must do. I agree. But the Simon amendment would not do that. It would prohibit

the Federal Government from making investments now that will pay off in the future, investments that are part of the budgets of every State, business, and family.

The Simon amendment would outlaw such investments. Two years ago, I put into the RECORD a statement on State budget practices, and showing that balanced budget requirements in the States do not apply to the State's investment budgets.

Senator REID's amendment prudently permits the Federal Government to make needed investments, to do exactly what the States do with their budgets, under balanced budget requirements very different from the one proposed by Senator SIMON.

States sell bonds to fund public projects, businesses borrow to invest in new buildings and equipment, and families borrow for a home or a college education. The Federal Government should not be prohibited—and certainly not in the Constitution—from making capital investments.

Senator SIMON's amendment ignores the important role investments play in the finances of every institution in our society, and imposes a rule on our Federal Government that virtually no other government in the industrial world must follow.

Mr. President, it is difficult to predict what effect our laws will have. An important lesson we should all have learned from our experience as legislators is that often our attempts to fix one problem only end up causing another. The threat of such unintended consequences is particularly serious when we undertake to amend our Constitution.

But we are not without guidance on the issue before us today. I ask my colleagues to remember two experiments from our country's past that give us some evidence of the potential effects of Senator SIMON's amendment. The first was an attempt to write another moral prohibition into the Constitution, the second was a fiscal policy that put a balanced budget ahead of every other goal of Government.

The lesson from our attempt to prohibit the manufacture and sale of alcohol is clear: that moral mandate written into constitutional law, however strong the public support was at the outset, demeaned our basic charter. We found after a decade of disrespect for the law how far from the hopes of its sponsors the actual effect of an amendment to the Constitution can be.

And, Mr. President, let us not forget that we have tried earlier in our country's history to make a balanced Federal budget the primary goal of economic policy. The last President to put this approach to the test was Herbert Hoover. Senator SIMON's amendment assures that except for extraordinary circumstances—by my count, two separate votes by two-thirds of the whole of both Houses—we will make Herbert Hoover's economic policy a constitutional mandate.

To be honest, Mr. President, the Reid proposal I support here today—the one that I hope will prevail—would also add new, as yet untested provisions to our Constitution. I cannot be sure what the consequences of those changes will be. But I am convinced that we must do something, and do something now, to compel the tough decisions needed to restore balance to our Federal finances.

And I believe that the Reid amendment promises greater discipline in our budget process without attacking the fundamental principles of our representative government.

I will vote today for Senator REID's amendment because it addresses each of the concerns that I have expressed—over many years now—about the approach chosen by Senator SIMON.

The proposal I support requires the President to submit a balanced operating budget to Congress every year, and requires that the budget that Congress passes, with due allowance for investments, be in balance every year. It makes a balanced annual budget the constitutional norm, but does not attempt to repeat failed experiments from our country's past.

I believe it is the best choice to meet our responsibilities today, and to fulfill our obligation to our country's future.

The PRESIDING OFFICER. Under the previous order the next 20 minutes are allocated to the Republican leader.

Mr. DOLE. Mr. President, I yield 4 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I, too, am a student of history. And I, too, have studied this amendment and the various times it has been before this body.

While doing so, I happened to have come across one of the most impressive statements that has been uttered on this subject that I know of, dated August 4, 1982. Those are the words of the distinguished chairman of the Appropriations Committee. Those words were so impressive that they bear repeating before this body today. I will not say them in whole, but I will repeat the most impressive and compelling parts:

> Nonetheless, I have decided to cast my vote in favor of the amendment.
>
> There are two main reasons for my decisions.
>
> First, we must all agree that excessive Federal deficits are a matter of genuine concern. Somehow, we must break our old habits and move back toward more prudent, more responsible fiscal policy. This amendment, even if imperfect, can be an instrument to help us in that difficult task.

The distinguished then minority leader went on to say:

> We have never had deficits in this country like we have today. We face an extraordinary situation, and perhaps the extraordinary step of a constitutional amendment is what we need to start on the road back to economic responsibility.
>
> Second, Mr. President, we must recall that the vote today is not the end of the process, but only the beginning. If the Senate approves this amendment, and if the House of Representatives approves a similar measure, in all likelihood a conference will be necessary to develop a new version to be considered by both Houses. It is my hope that many of my concerns and those of my colleagues will be alleviated by the work of that conference. If a conference version is approved by both Houses, three-quarters of the State legislatures must then ratify it in order for it to become law. A great national debate will take place. I believe that debate will be healthy. I believe it will force citizens and elected officials to focus on the urgent questions of public spending and national priorities.
>
> Under our Democratic system, to put a question of this magnitude directly to the people is a wise and proper action.
>
> Therefore, I will vote for the amendment, and thus vote to put this question directly to the American people. I cannot doubt that their ultimate decision will be the right one.

Mr. President, I congratulate the distinguished chairman of the Appropriations Committee on those words.

Mr. President, since those words were uttered, I do not believe that the history of Greece has changed. I do not believe that the history of Rome has changed. I do not believe that the history of England has changed. And I do not believe that the history of the United States has changed. I will tell you what has changed since 1982: Ronald Reagan is no longer President of the United States, and the distinguished Senator from West Virginia is now chairman of the Appropriations Committee.

The fact is, Mr. President, the American people demand we pass a balanced budget, they deserve it, and they will get it sooner or later. There will be a balanced budget amendment because by a 4-to-1 margin, the American people support and want this amendment and they will get it because the will of the people will be done.

I yield the remainder of my time back to the distinguished Republican leader.

Mr. BYRD. Will the distinguished Republican leader yield me 1 minute?

Mr. DOLE. Yes.

Mr. BYRD. Mr. President, the distinguished Senator from Arizona mentioned my name and he made reference to my vote in 1982, and he is perfectly right. He did not, however, point out that I had changed my mind by 1986 and voted against a constitutional amendment. James Russell Lowell said that only the foolish and the dead will never change their opinion. Well, I was not foolish and I am not yet dead, thank the Lord, and I changed my mind. I changed my mind in 1986. I made the right decision then, and I stand by that decision today and that is the decision I am taking in this instance.

I thank the distinguished Republican leader for his courtesy.

Mr. DOLE. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Republican leader has 15 minutes 47 seconds remaining.

Mr. DOLE. Mr. President, there has been a great deal of debate on this amendment, and I want to congratulate the parties on both sides for the debate. I know they are committed. But I really believe, as the Senator from Arizona just pointed out, the American people are not going to let us off the hook so easily.

I assume we do not have the 67 votes needed, and I am not certain what will happen in the House. But if the House should pass the amendment, I hope we would have a chance to maybe revisit this next year in the U.S. Senate.

I think we can say we have tried a lot of bipartisan, partisan, nonpartisan—whatever—ways to deal with the deficit. My colleague, Senator KASSEBAUM, had a good piece today in the Washington Post in which she argued against amending the Constitution. She said we ought to amend our ways and we ought to make the tough choices and we ought to make the tough votes. If everybody believed that as strongly as my colleague, I would say that is what we ought to do.

It seems to me if other people do not balance their budget, they are out of business or they are in bankruptcy or they are in deep trouble or they are running to the bank, but that is not the case when we do not balance the budget.

When the budget was released earlier this year, President Clinton all but declared victory against the Federal deficit. Anyone who took a careful look at the numbers quickly realized any improvements in the deficit picture are temporary at best. The Congressional Budget Office forecasts the deficit will soar to $365 billion by the year 2004 and interest payments—that is right, just interest payments—will be $334 billion per year. That is more than this country will spend on all domestic discretionary programs in 1994, including programs for education, childhood immunization, and AIDS research, just to name a few.

By the year 2004, the debt held by the public will be $6 trillion, that is $6 trillion with a "T." For that much money we can buy an in-ground concrete swimming pool for every homeowner in the country, pay a 40-hour-a-week minimum wage paycheck for every person in the world, pay a year's tuition to Harvard University for every person under 18 in the United States, and send every person over the age of 18 in the United States on a 2-week Club Med vacation. We can do all those things and still have $5 trillion left.

Deficit spending, I think, everybody agrees is a drag on our economy. Former Senator Paul Tsongas explained at last week's hearings:

> A nation spending $212 billion a year this year on interest on the debt will be less competitive than if it had invested the same $212 billion on our industrial base. Translated, this means that all across America jobs that could have been are not, and as a direct real-life consequence thousands of American families woke up this morning pained by a joblessness that was caused not by their inadequacy but by the fiscal irresponsibility of their leaders.

The penalty for future generations is even higher. According to the President's own fiscal year 1995 budget report, average net taxes for future generations will be a walloping 82 percent of their income—an 82-percent average tax rate. That compares to a net tax rate of just 23 percent for people born in 1900. No doubt about it, simple fairness to future generations is the most compelling reason to support a balanced budget amendment.

We have made statements on the floor: "You can bill me later; when does the credit card come due?"—all these things. The bottom line is somebody is going to have to pay sooner or later. Somebody is going to call in the credit card and we are going to be out of luck.

I think there are some who would say, "Well, we support this balanced budget amendment," then they go ahead and vote like they always did. In fact, I got a little shaken up when we had the vote on trying to pay for the earthquake. We got 43 votes. We were not trying to withhold aid, we were trying to pay for it—"pay as you go"—and we could not get 51 votes. That has shaken me up on a balanced budget amendment.

I do not know if we can make the tough votes. We do not like to pay for things. We say it is an "emergency." It is an "emergency," but somebody has to pay for it. So billions and billions of dollars are charged up to the future generations.

First, I want to commend, as I did, the Senator from Illinois [Mr. SIMON], the Senator from Utah, [Mr. HATCH], the Senator from Idaho, [Mr. CRAIG], and the Senator from South Carolina, [Mr. THURMOND], and others who have taken the lead. This is not an easy thing to do.

I also want to remind my colleagues of the 1985 budget debate when we pushed through a budget by a vote of 50 to 49 at 2 o'clock in the morning—50 to 49—we had to bring Governor Wilson, then Senator Wilson, in from the hospital. Vice President Bush flew in from Arizona to break the tie. One Democrat voted with us. It was a tough vote. We froze COLA's. We made all these tough choices. We made the tough votes. So I know how tough it is to make tough votes.

Many Republicans have also supported a cap on entitlement spending and fought to pay for emergency spending with cuts in other spending programs. If we had a balanced budget amendment, maybe we would have the discipline to make those tough choices.

Oh, there may be a few who just say, well, this is an easy way out; even if I vote for everything else, and I can always talk about my vote on the balanced budget amendment. But that is going to be the exception. Balancing the budget will not be easy, but we were elected to make tough calls, not see who can make the biggest excuses.

So to my colleagues on this side of the aisle—and I think we are going to have nearly every one of our colleagues support this amendment, all but three—I commend them for their support.

We have supported measures in the past and we will support them again, when the balanced budget amendment forces Congress and the President to face the music and to make tough choices.

Two weeks ago, all of our offices received copies of the administration's nightmare scenarios of what would happen if the balanced budget amendment passed. The New Republic wrote that the Treasury's examples "are not an argument against a balanced budget amendment. They are an argument against a balanced budget itself."

If that is what we want to do, that is what we can do. The bottom line is this administration is looking for every excuse in the book to spend more money than Americans are willing to pay for in tax dollars.

In reality, the burden to balance the budget will be difficult but not as difficult as the administration would like us to believe.

We came very close before. It is going to happen, as the Senator from Arizona said, if not this year, next year or the next year.

We are not going to mechanically cut spending across the board. Congress and the President will, as they have in the past, set priorities and reduce spending in marginal programs.

The Treasury study exaggerates the depth of the cuts by assuming no action is taken until 1997. The cuts are much more likely to be stretched over 6 or 7 years, resulting in a reasonable glide path to a zero deficit.

Another red herring being promoted by opponents is the Social Security issue. The biggest threat to Social Security is not the balanced budget but the Federal Government's fiscal irresponsibility. As our interest payments mount, Congress will be increasingly tempted to raise the trust funds to make our balance sheets look better. Putting our house in order now will ensure Social Security remains sound for this and future generations.

Many of us were here in 1983, and we are very proud of the role we played in putting Social Security back together again. It was in deep, deep difficulty. In

a bipartisan agreement that passed the Senate by an overwhelming vote, passed the House by an overwhelming vote, and was signed by President Reagan. The Social Security system is now sound.

The argument that a balanced budget amendment will force us to balance the budget in periods of recession also holds no water because you can waive that, if necessary, with a three-fifths vote in each House. This is a necessary safeguard for an administration that likes to bypass spending ceilings by calling 4-year-old highway repair projects emergencies. That was an issue we raised in an earlier debate where something that had happened 4 years ago in 1989, suddenly was called an emergency in 1994.

I would conclude by saying this amendment is not perfect. If I could do one thing to improve this constitutional amendment, it would be to add a tax limitation provision, which would require a three-fifths vote for tax increases above the rate of economic growth.

I have been a cosponsor of this provision in the past and would support it again if it had been offered during this debate. The consensus among the supporters was that House Joint Resolution 41 would have the best chance of passing if no additional changes were made, and certainly I yield to the wisdom of those who have been on this day and night in the past several years. So, we agreed not to offer a tax limitation amendment.

Another concern, put forward most notably by Judge Bork, is that Congress may be tempted to balance the budget by mandating increases in State and local spending or by regulating private industry into doing what the Federal Government cannot. For example, requiring businesses to pick up the tab for health care spending may not cost the Federal Government a dime, but it will bankrupt companies around the country and cost many Americans their jobs.

This is a real danger and one that Congress must guard against. But in my view the dangers of an unbalanced budget greatly outweigh the risks of Congress passing the buck to local governments. I do not think we could get away with that very long.

So I say again I wish to express my appreciation to Senators SIMON, CRAIG, HATCH, THURMOND, and many others who have done everything possible to keep a constitutional amendment to balance the budget on the front burner in spite of fierce opposition, opposition from my friends in the Democratic leadership and President Clinton.

Two years ago the amendment was defeated by 9 votes in the House. I say again, if we could pass this amendment, if people really take a look at it—there are still a few minutes here—then I think we could pass the 28th amendment to the Constitution.

Mr. President, I think this vote is going to separate a lot of people. The American people understand this vote. Maybe there is some way you can explain it away, maybe if you live in a safe enough State where a 3 to 1 registration does not make any difference. But if you really are as concerned as the American people are concerned about the future, forget talking about the fourth quarter of last year, and all these things that are temporary. We are looking at the next 10, 15, 20, 30, 40 years under Democrat and Republican administrations, Democrat and Republican Senates, House. If we do not want to make that choice, then I am certain the American people will take notes.

I am not suggesting this is a perfect amendment, as I said. I know there are things that others would like to have done. I can tell from the vote earlier today when you put up a fig leaf, the American people are not going to buy a fig leaf. The Senate did not buy a fig leaf. The fig leaf was defeated by a vote of 78 to 22—78 to 22—which means this amendment ought to pass by a vote of 78 to 22, unless I have missed something.

So this is the amendment in my view that deserves the support of our colleagues across the aisle, both sides, nonpartisan, bipartisan, call it what you will. If you vote yes, you will be casting your vote for the next generation of Americans and someday they will appreciate it.

Mr. President, I have how much time remaining?

The PRESIDING OFFICER. Three minutes remaining.

Mr. DOLE. Then I have leader's time?

The PRESIDING OFFICER. That is correct.

Mr. DOLE. I would like to yield 5 minutes to Senator HATCH and 5 minutes to Senator SIMON.

The PRESIDING OFFICER. The Senator has that right.

Mr. DOLE. And then I yield back the remainder of my time.

Mr. HATCH. Mr. President, I thank the minority leader. I thank him for his remarkable statement here this evening. This is a very important vote. Right now it does look as though we are not going to make it unless some people who really understand how important this vote is change their minds.

Mr. President, this battle has to be waged, and it will be waged year after year after year until we finally pass this balanced budget amendment. For almost 60 years, we have spent this country right into bankruptcy. I have mentioned how the increases in the national debt have increased our annual interest payment that we are just throwing down the drain. That debt is now involving $18,000 per individual man, woman, and child and almost $3,000 in interest payments every year per individual taxpayer in this country. And yet we have people on this floor saying: Look, we only have to have backbone and we have to stand up and have the guts and the right to do this ourselves. But for 60 years, we have not done it.

Mr. President, we can go on and on doing what we are doing, with no real fiscal discipline, because there is no real obligation to do it, just funding everything as though the moneys are there, and gradually reach a point where we have to monetize the debt and our dollars are not worth very much. If we keep doing that, we will have truly abdicated our responsibilities and we will send this country right down the drain.

What really bothers me is not so much that we are making these mistakes that might hurt us in this day and age. We are making them for generations to come—for our children, our grandchildren, our great grandchildren. Ultimately, if we keep going this way, there will not be any real defense funds in this country. There are not going to be the solid valuable Social Security funds for payments that will need to be made. Those who need these funds will be the first people to get hurt.

If we continue on the way we are, we are going to have a devaluation of the dollar; we are going to have more inflation; we are going to have more difficulties along those lines. In the end, what is going to happen is we are going to have everybody hurt who is on a fixed income, who has nowhere to look but to the Government, and the Government will not be there as it should because we have run it into bankruptcy.

Mr. President, this amendment just does some very simple things. It says that if you want to spend, you can, but you have to have a three-fifths vote to do it if you want to go beyond a balanced budget. If you want to increase taxes to help a balanced budget or otherwise, you can, but you have to have a constitutional majority of at least 51 Senators in the Senate to vote for it.

It provides in article VI that Congress can set up a system of reaching that balanced budget on a glidepath to 2001. If we do these types of things, we will then set in place the fiscal discipline so that Members of Congress will have to make priority choices among competing programs, and that will be very beneficial to the country.

I despair for my grandchildren. Elaine and I have 14 grandchildren. I do not see a great future for them, if we do not start doing what is right in the Congress. Just saying we are going to do it does not cut the mustard. There are too many conflicts. As much as people decry Gramm-Rudman-Hollings, it did work to a degree, and did have our deficits path going downward, but we could not live up to it because it was a mere statute. It was not in our basic document. Faithfulness to it was

not imposed by an oath of office upon all of us. If it had been a constitutional amendment certainly we should have taken it seriously. But it was not, and we did not, and it did not work.

I remember back in 1979 when Harry Byrd came on the floor, and he passed a bill that required us to balance the budget by a certain few years hence. It required an overwhelming vote to do otherwise, and it was ignored the day afterward by any subsequent spending proposal that passed by a majority vote.

That is what has been going on for 60 years. That certainly has been going on for 33 of the last 34 years during which time we have never balanced the budget, and we are incurring more and more increasing deficits. True there will be a little dip because of the tax program of the President passed this last year. We will have the budget deficit go down just a little bit, up through 1996, and all of a sudden it shoots straight up in the air again. What are we going to do—tax the American people more, spend more? Nobody seems to want to do what it takes to really get this budget or this economy under control.

Mr. President, we could do something about it here this evening. We could vote for this balanced budget. It takes 67 votes on the floor this evening. If we vote for it, we will be on our way to fiscal sanity, on our way to solving these problems, or we can ignore it and we can continue just the way we are with the promises that we are going to get things under control because we should have the fiscal discipline to do it.

I thank the Chair.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, first I want to thank Senator DOLE for yielding the time.

We heard my friend, Senator ROBERT BYRD, say we are injecting fiscal policy into the Constitution. Fiscal policy is in the Constitution a great many times already. We are adding a protection. That is what the Constitution is. It is a protection for the people against governmental abuse. And anyone who has looked over the last 25 years who does not believe there is governmental abuse, you are living in a dream world.

Listen to Prof. Larry Tribe. He is opposed to the amendment. I do not want to mislead anyone. He was the lead witness against the balanced budget amendment 2 years ago. Listen to what he said in his testimony before the Senate committee:

> Despite the misgivings I expressed on this score a decade ago, I no longer think that a balanced budget amendment is at a conceptual level an ill-suited kind of provision to include in the Constitution. The Jeffersonian notion that today's populace should not be able by proliferate borrowing to burden future generations with excessive debt does seem to be the kind of fundamental value that is worthy of enshrinement in the Constitution. In a sense, it represents a structural protection for the rights of our children and our grandchildren.

Second, the Senator from Maryland said we really do not have that much debt. There is no problem on monetizing the debt. The reality is when he quotes the statistics he ignores something very fundamental. The gross debt in 1945 was about 130 percent relative to GDP. But there was virtually no corporate and consumer debt. When you add consumer debt and corporate debt to Government debt today, we have roughly 200 percent. Just take the OMB figures. We are headed toward a policy and a situation where every other nation in history has monetized the debt.

We heard a great deal of history from our colleague, Senator BYRD. We did not hear one bit of history, and that is every other nation that has gone down this road has started printing money, has had hyperinflation, and has monetized the debt.

Then finally, Senator BYRD indicated that Thomas Jefferson, George Washington, and James Madison would be voting against this amendment.

I cannot speak for them real candidly. But when I read what Thomas Jefferson had to say about debt, I have a pretty clear idea. When I look at Washington's Farewell Address, he spends a good portion of his farewell address telling the Nation to avoid the accumulation of debt. I think it is very clear what our Founding Fathers wanted.

Again, every generation of Americans has taken care of themselves and invested in the future up until this generation. We are partially taking care of ourselves and borrowing from the future.

That has to change, Mr. President. We have the opportunity tonight to change it, and I hope we do the right thing for our country and for the future.

The PRESIDING OFFICER. Under the previous order the next 20 minutes are allocated to the majority leader.

Mr. MITCHELL. Mr. President, I yield 2 minutes to the Senator from Maryland from my leader time.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I want to make two points. First, I want to underscore the fact that Laurence Tribe was against the balanced budget amendment. The Senator from Illinois stated this at the outset, but he then partially quoted Larry Tribe. The fact is that in the course of the full passage, Tribe was against the balanced budget amendment.

Mr. SIMON. I said that.

Mr. SARBANES. Second, with respect to Jefferson, when Jefferson made his address to Congress regarding the Louisiana Purchase, this is what Jefferson said:

> Should the acquisition of Louisiana be constitutionally confirmed and carried into effect, a sum of nearly $13 million will then be added to our public debt.

The Senator has cited Jefferson time and time and time again. The fact of the matter is when Jefferson had the opportunity to make the Louisiana Purchase, which was an enormous step for our Nation, Jefferson was prepared to incur public debt as this quote which I have just read from Jefferson's message to the Congress clearly states.

I thank the majority leader.

Mr. MITCHELL. Mr. President, for many years and with greater urgency since 1982, when the Federal deficit first exceeded $200 billion, all Americans have known that we must act to bring the deficit down.

Consistently large budget deficits damage our economy. They zap economic growth by diverting resources from productive investments. They add to the debt, and to the interest we must pay on the debt each year.

That diverts resources from longer range investment in infrastructure and education, two crucial investments in economic growth where Government plays a leading role.

Yet, while virtually all agree on the diagnosis, reaching agreement on a cure has not been easy. Every Senator knows what has to be done to reduce the deficit. There is no mystery about it. We must control the cost of health care. We have to slow down the rate of increase in the fastest growing Federal programs, Medicare, and Medicaid.

Left unchecked at today's rate of growth, by the turn of the century these two programs alone will cost almost as much as everything else in the budget except Social Security. Medicare and Medicaid would almost equal the costs of every other program, from national defense to national parks.

But the Senators most anxious to announce their devotion to balancing the budget are not embracing health care cost reform—the single most effective step to reaching their goal. Instead, they are embracing a political gimmick and hoping no one will notice that they are not willing to take the real medicine.

Last year Congress enacted a program to cut the deficit by $500 billion over the next 5 years, a fiscally responsible budget plan which is already producing tangible results.

For the first time in a half century, there have been 3 consecutive years of deficit reduction. Interest rates have remained low, channeling billions of additional dollars into the pockets of consumers for housing and other long-term purchases. Job creation is up, and economic growth in the last quarter was encouraging.

But the deficit reduction plan we approved last year—the plan financial analysts agree has helped produce an economic rebound—passed by the margin of a single vote in the Senate. Most of the Senators who favor the balanced

budget amendment voted against actually reducing the deficit.

That vote on the budget was a time for action, not just words.

This vote on the balanced budget amendment is a time just for words, not action. By comparing the two votes, Americans can identify those Senators who are willing to do something about the deficit, and those who will not do anything but talk about the deficit.

Political posturing has been overtaking the economic well-being of working Americans. The balanced budget amendment now before us is a bold example of political posturing.

The appeal of a balanced budget amendment is obvious. Everyone wants to see the budget in balance. Amending the Constitution to proclaim that result is a simple and dramatic step. That is the appeal.

But many proposals which are appealing in their simplicity are bad in practice. This is one of them.

This amendment, like its predecessors in 1982 and 1986, is wrong. Judge Bork testified that it would be "either a vain hope or a dismal prospect." He described it well.

This amendment will not succeed in balancing the budget. It does not mandate a balanced budget, nor will it produce one.

By its own terms, it requires three-fifths of each House of Congress to vote for an unbalanced budget.

But by enshrining in the Constitution, the fundamental law of our Nation, the principle that a minority of elected representatives can prevent action favored by a majority, this amendment could have a far-reaching and incalculable effect on the way this Nation is governed. It tramples the fundamental idea of majority rule.

It would extend the principle of the Senate filibuster rule to the entire Government by placing that principle in the Constitution.

I ask every one of my colleagues to consider whether you think the filibuster rules in the Senate are so good for the country that we ought to put them in the Constitution?

I ask every one of my colleagues if the American people, who are fed up with Government gridlock, are asking us to expand gridlock to all of Government by putting it into the Constitution?

That is exactly what this amendment would do.

It would force the Federal Government to adhere to rules that no other institution in this country, no democratic government in the world, must adhere to. Democracy means majority rule, not minority gridlock.

For more than 200 years in this country we have had three separate, coequal branches of government, the executive, the legislative, and the judicial. The elected branches are the ones accountable to the people. The unelected branch, the judiciary, is accountable only to the law.

The most fundamental law in our system is the Constitution, the basic governing document of America, which some Senators are now proposing to amend.

It is through the courts that the rights guaranteed and the duties imposed under the Constitution are enforced. The Constitution is not only about rights. It is also about obligations. It requires the President to do certain things. It prohibits the States from doing other things. It compels the Congress to do many things. The President is required to see that the laws are faithfully executed. He does not have a choice. The States cannot infringe the rights of due process or equal treatment. They don't have a choice. The Congress shall assemble at least once in every year. We don't have a choice.

But rights or obligations that cannot be enforced by the courts are merely words on paper—like the Constitution they used to have in the former Soviet Union. On paper it said the government had to provide people with housing. But no one could get a court to make the government provide housing. That was an empty right because there was no obligation.

Supporters of this amendment have said, over and over again, that it is more than political window-dressing; that it will have a real effect, that it will force us to adopt a balanced budget. That is the rhetoric of the supporters of this amendment.

The amendment as it originally was presented to the Senate tried to do that. The original Simon amendment would have directly involved Federal judges on a daily basis in making decisions about spending and taxes—all the national priorities reflected in a national budget—to enforce a balanced budget.

But the supporters of this amendment really do not want to see it actually enforced.

The sponsors of this amendment have insisted, as a condition of allowing the Senate to vote on their proposal, that they be allowed to change it so as to prevent the courts from enforcing it.

Let me repeat that. I proposed to the sponsors a vote on their amendment up or down, and they said, oh no, we do not want a vote on our amendment and we will not permit a vote on our amendment unless you enable us to change it to prevent the courts from enforcing it.

Although this change is being described as something that will prevent unelected Federal judges from raising taxes, that is not what it says. What it says is that no court shall have the right to order any remedies to balance the budget, except remedies that Congress writes.

This argument is made by the same people who say you cannot rely on Congress to enforce budget discipline so we need to amend the Constitution. But in their amendment to the Constitution, they insist that the courts be prevented from enforcing budget discipline. That is to be left exclusively to the Congress.

This is such ridiculous, circular reasoning that it must be repeated. The sponsors of this amendment say that Congress cannot be trusted to balance the budget so we have to put the requirement into the Constitution by amendment. But then they insist that the courts be prohibited from enforcing the amendment and that enforcement be left entirely to the Congress, whose lack of discipline, of course, is what they say motivated them in the first place.

This amendment, as it states in section one, would not require a balanced budget. It would require three-fifths of the whole membership of each House of the Congress to vote to approve an out-of-balance budget.

So this amendment would give to the minority in each House a power that would shock and offend the men who wrote the Constitution.

Every one of my colleagues has been in the Senate long enough to know what the Senate's filibuster rules mean.

Everybody understands the tremendous leverage and power the Senate rules give a minority in the Senate.

Why any Senator of either party, who has been through the frustration of the filibuster process, would want to enshrine that in the Constitution and give such a power to a minority in perpetuity is beyond my understanding.

Why any Senator who represents a small State would vote to impose this requirement on the House of Representatives is even more incomprehensible.

Each State, regardless of size or population, has two Senators. But House Members represent districts which reflect population. Maine and California each have two Senators. But Maine has two House Members and California has fifty-four.

But in the House, where membership reflects population, under this amendment, Representatives from as few as six large States could dictate to the entire country.

For anyone representing a small State to vote to hand that power over to such a small minority of the States runs directly counter to the interests of the people they represent.

This supermajority provision upsets the carefully crafted and ingenious balance by which the Founders successfully balanced the rights of smaller States and those of the bigger States.

It is a balance that has served the people of our States well. It helped preserve diversity without divisiveness. It

is incredible that anyone representing a small State would vote to so dilute his or her State's power in the Congress. But that's what a vote for the Simon amendment would do.

Supporters of this amendment argue that a three-fifths supermajority is necessary to protect our children and grandchildren. For the record, I want to make it clear that there are people with grandchildren in this Senate who strongly oppose this amendment.

It is ironic that the supporters will not leave the protection of our grandchildren to the Federal courts, but instead insist that it be left to the Congress, which they say is the cause of the problem in the first place.

Their argument is hollow. We didn't need a three-fifths majority to develop a nuclear arsenal, one of the most far-reaching and significant decisions any Nation has ever made in history.

We didn't need a three-fifths majority to entitle the elderly to health care, to create Social Security, to establish the National Institutes of Health, to do a whole host of things that have had far-reaching consequences for generations of Americans.

To enshrine this requirements in the Constitution for the annual budget makes no sense.

The argument that the Senate functions with a filibuster rule—the identical absolute three-fifths majority requirement—is a stronger argument against this amendment than for it.

Even the Senate, with its veneration for the filibuster rule, sets aside the filibuster rule for certain important legislation, including the budget itself. This amendment, by contrast, writes it into the Constitution, thus making it absolutely impossible to suspend it for even the most important legislation.

The Senate has exempted from the filibuster rule the same tough budget decisions which, it is claimed, we cannot make—the budget reconciliation process.

Everyone here knows that budget reconciliation is the real work of cutting spending. It is where the rhetorical budget-cutters are separated from the Senators willing to make real-world and often difficult decisions.

Yet the Senate has specifically protected the reconciliation process against obstruction by a miniority. You can not filibuster a reconciliation bill.

That is so because no one, Republican or Democrat, wants to give a minority effective control of the Government.

This amendment turns that on its head. By giving a minority absolute power over the majority, it overrides democracy and lets a minority, in effect, control the Government.

It gives absent members—Senators who do not even show up to vote—the same power as if they were present to cast a "no" vote. Except in the case of a filibuster, no other vote taken in the Senate can so easily have its outcome affected by adsentees.

When we seek to override a veto or ratify a treaty, two-thirds of those present and voting decide the issue.

If 10 Senators are absent, a veto can be overridden by 60 votes instead of the 67 needed when there is full attendance. If 15 Senators are absent, we can ratify a treaty with 57 votes.

But when an absolute number of 60 yes votes is needed, no matter how many Senators are absent, one absent Senator can as decisively affect the outcome as another Senator who is present.

To enshrine the filibuster rule in the Constitution would be the antithesis of democracy, the very opposite of what the Founders intended.

Perhaps the most misleading argument made for this proposal is the one most commonly used: The Federal Government should have to do what my business does, or what our State does, or what average families do, which is to balance their budget.

But this amendment goes far beyond what any business, any state or any family does to balance its budget. It would require the Federal Government to adhere to a standard that no business, no State, and no family has to meet.

Every State, as every Senator knows, has an operating and a capital budget. That is how States balance their books. They do not balance their budgets. They balance their books. They do not balance the total receipts and total spending each year, which is what this amendment says the Federal Government would have to do.

And that is what States do: They balance their books. They do not balance their total receipts and total spending each year—which is what the amendment says the Federal Government must do.

State debt nationwide grew by $26 billion from 1991 to 1992—an 8 percent rate of increase in the States' budget deficits.

State debt is going up because States are not balancing their total budgets. They are balancing their operating budgets, and every Senator, including those who wrote this amendment, knows that very well.

If we required the States to adhere to the accounting that is incorporated in this amendment, most States would not be able to balance their budgets. No family's budget would be balanced. No business could operate. We do not use accounting rules that force businesses to pay cash up front for major equipment purchases or for expansion. We do not demand that an American family buy its home with a single cash payment.

How many American families who are not Members of the Senate could afford to do that?

What would happen to the American economy if we put into the Constitution a requirement that a family could not get a mortgage loan on a house, that you had to make the purchase up front in cash? Would that make sense for American families? Would that make sense for our economy?

That is exactly what this will do with respect to the Federal Government. If we force this standard on the States, they would not be able to borrow to build schools or roads or anything else.

Judge Bork said that this amendment is either a "vain hope or a dismal prospect."

I believe it is a vain hope, but consider for a minute the dismal prospect. If this proposal were to actually work as its supporters say, it would transform economic recessions into depressions on a regular basis.

From the time this country was founded until the 1930's, we had regular depressions of increasing severity. The economic downturns of the 19th century were commonplace and as the Nation industrialized they increased in severity, length, and effect in 1873, 1893, and then 1933.

The 1933 depression had such an effect that it shook the democratic foundations of this country. Americans themselves questioned free markets when free markets could reduce a quarter of the Nation's people to abject poverty.

Only when we faced the profound social and political instability of the Great Depression did we begin to adopt the economic policies that had begun to be tried in Britain during the decade of the 1920's, in which governments took an active role in moderating the effects of the inevitable economic cycle of recession and recovery.

I ask everyone here to look back over the history of this country for the past six decades and compare it with the previous six decades and tell me which period has been best for the future of this country, for its people, for the preservation of its liberties.

Since we adopted policies that permitted Government to moderate the effects of recessions, there has not been a single great depression in this country. By contrast, the increases in worker productivity, the increased output, the rise in the standard of living in the past 60 years, when adjusted for comparable periods of time, have been the greatest in human history.

This amendment, by contrast, ignores the entire post-depression economic history of the country, ignores the hard-won lessons of deepening recessions, and instead would return us to the economic policies of the 19th century, when deep recessions occurred on a regular basis.

Mr. President, in a written report on this amendment, written by the sponsors of this amendment, the majority

which voted to report it to the Senate floor made the following statement.

* * * Congress does not need a constitutional amendment to balance the budget; Congress can achieve that goal, statutorily, right now, without waiting to ratify a constitutional amendment. Technically, these arguments are, of course, correct.

That is the sponsors of the amendment, first citing critics and then agreeing that the critics are correct.

That is a direct quotation, written by the sponsors of the amendment, found in the second paragraph of page 5 of their report.

It says in writing that Congress can achieve a balanced budget right now without waiting to ratify a constitutional amendment.

And yet, what are the supporters of this amendment doing? Are they proposing to balance the budget right now? Are they asking that we do what they say we can do right now? No, they are not.

Instead, they are proposing that some other Senators, in some future year—in fact, in the next century—do what they could do this very day if they were so inclined.

Indeed, the number of these born-again budget balancers means they need not even fear a filibuster, because they could get more than three-fifths to support an actual balanced budget.

The Senators who are going to vote for this amendment to balance the budget in the next century could vote in this century, could vote right now, tonight, for the tax increases and spending cuts needed to balance the budget.

But, of course, they will not do that because that would be difficult and unpopular. To balance the budget now would require deep cuts in Social Security. That would be difficult and unpopular. The sponsors of this amendment will not vote for that.

To balance the budget now would require deep cuts in Medicare. That would be difficult and unpopular. The sponsors of the amendment will not vote for that.

To balance the budget now would require deep cuts in defense. That would be difficult and unpopular. So the sponsors of this amendment will not vote for that.

And if they will not cut Social Security, if they will not cut Medicare, if they will not cut defense, then to balance the budget now would require huge tax increases. Well, we know that the sponsors of the amendment will not vote for that.

The Congressional Budget Office says to balance the budget in 5 years—by 1999—would take $600 billion. We barely got half the Senate to vote for deficit reduction of $500 billion last year. In fact, what is surely one of the most telling realities of this debate is that of the 55 Senators who are sponsors of this amendment, 40 of them voted against the deficit reduction bill last year—40 out of 55.

Let me repeat that. Last summer, we voted on the largest, most meaningful deficit reduction package in this Nation's history. That was a time for action, not words; 40 of the 55 Senators who are now sponsors of this amendment, who are now saying that the deficit is a problem so big that we must amend the Constitution to deal with it, they voted against reducing the deficit last year. That is the difference between words and deeds.

Having voted against one round of real budget cuts last year, you can be sure they are not going to vote for a second round of budget cuts. That would not be easy and it would not be popular.

What the sponsors of this amendment are looking for is something that is easy and something that is popular.

Not one of them, not one single Senator who will vote for this amendment, has publicly specified what he or she would do to balance the budget—not one. That would be the honest thing to do.

But it would also be very difficult and very unpopular. And this amendment is intended to avoid difficulty and unpopularity. This amendment is intended to create the illusion of concern about the deficit, while avoiding any meaningful action on the deficit.

It is a further irony that the authors of this amendment, which originally required a balanced budget in 1999, insisted on changing that date. They would not let us vote on their proposal unless they are permitted to change the date.

But they didn't alter the date to bring it closer to the present. Instead, they moved the date of a balanced budget further into the future, into the next century, to the year 2001.

The reason for further delaying a result they say is so important that the Constitution must be amended to achieve it lies in another technicality.

That is the technicality of Senate terms. Senators serve for 6 years. This is an election year. Senators successful in winning election this year will serve until the year 2000.

If they required a balanced budget to be produced in 1999, every Senator supporting this amendment and running for reelection this year would have to face the prospect of actually voting for a balanced budget.

And that is the one thing the supporters of this amendment won't do: vote for an actual balanced budget.

They will talk about it, they will complain about it, they will protest over it, they will propose amendments to the Constitution about it, they will do almost anything about it except the one thing that is necessary—vote for the things that are needed to actually balance the budget.

That is what this amendment is all about: Creating the illusion of action about the deficit to conceal the unwillingness of its sponsors to actually do anything about the deficit. It is no coincidence that the big talkers about the deficit are also the big spenders, the ones who will rarely if ever vote to cut spending. This amendment is their cover.

They vote for more and more spending. They rarely if ever vote to cut spending. And when they're asked about that, they say: But I am for the balanced budget amendment. It is not an answer; it is political cover.

Again, I turn to the report and I find—on page 6, first paragraph—"Flagrant disregard of the proposed amendment's clear and simple provisions would constitute nothing less than a betrayal of the public trust."

Like all the get-tough speeches about budget cutting, these are strong words.

Many of the speeches in this debate have used strong words like these. But words must be judged against actions, no matter how strong the words. And the actions have been clear.

Instead of running the risk that a balanced budget constitutional requirement could actually take effect within their own term of office, supporters of this proposal conveniently decided that a 7-year delay rather than a 5-year delay would be a good idea.

Everyone should be quite clear on this. Supporters of the amendment would not permit a vote to be held on their own amendment unless they could change it—an allegedly carefully reviewed, thoroughly examined, economically sound and fiscally unassailable amendment.

Supporters refused to permit it to come to a vote with that very dangerous 5-year deadline in it.

This more clearly telegraphs the political realities driving this proposal than anything else.

We all understand the politics of this. There is the spectacular irony that many of the proponents of this amendment are the very ones who will not vote to cut spending.

Go take a look at the appropriations bills this past year. That is the year just past, not the year 2001. Those are the real dollars and cents that American taxpayers care about.

That is when we actually vote on money here, on the appropriations bills.

There were 24 votes to cut appropriations spending last year. You look at who voted to cut spending and it will not surprise you that the principal proponents of this amendment are the ones who voted the least often to cut spending. and, of course, they often favor big spending programs as well.

We know how it works: You favor increasing this program by $5 billion, and that one by $10 million, and you vote against cutting $12 million here or $20 million there. But you are for the balanced budget amendment.

That is supposed to fix everything. No matter if the numbers don't add up. The voters want you to balance the budget so you'll be for an amendment to the Constitution that requires a balanced budget; maybe, you hope, the voters won't notice what is actually in this amendment or how you voted on actual spending cuts. Nothing could be easier. Or more misleading.

Mr. President, and Members of the Senate, when it comes to changing the fundamental document of our Nation—the document on which our democratic system of Government rests, the document that preserves the liberties of Americans by guaranteeing to each citizen equality of justice before law—this amendment takes political cynicism just too far.

Amending the Constitution ought to be a very serious matter. It should not be used for political cover. It should not be business as usual. This is not just another bill. This is the Constitution we are talking about.

When we take our oath of office—and every Member of the Senate has walked up there onto that dais and raised his or her hand to swear the oath of office. And when we did, we did not swear to uphold a particular bill or a particular budget or a particular economic policy; we swore an oath to uphold the American Constitution.

Mr. President, I understand the need some feel for political cover. I understand the fear some have of taking an action contrary to the prevailing public opinion.

But, Members of the Senate, we were elected to exercise our best judgment and to act in accordance with our conscience and we swore to uphold the Constitution.

The Constitution is more important than any one of us. Indeed, the Constitution is more important than all of us put together.

I hope very much that my colleagues will not succumb to the powerful temptation to take the easy, popular way out.

I know it is a powerful temptation. I believe that public support is based on misunderstanding, but I know it is there.

It would be an abdication of our responsibility to succumb to that temptation to cast the easy vote for this proposal.

It is not a serious proposal. It is a gimmick. It is a transparent gimmick. I urge my colleagues to reject it.

The PRESIDING OFFICER (Mr. WOFFORD). Time for debate has expired.

Mr. MITCHELL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is on the passage of the joint resolution.

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 63, nays 37, as follows:

[Rollcall Vote No. 48 Leg.]

YEAS—63

Bennett	Dorgan	Mack
Bingaman	Durenberger	McCain
Bond	Exon	McConnell
Boren	Faircloth	Moseley-Braun
Breaux	Feinstein	Murkowski
Brown	Ford	Nickles
Bryan	Gorton	Nunn
Burns	Graham	Packwood
Campbell	Gramm	Pressler
Chafee	Grassley	Robb
Coats	Gregg	Roth
Cochran	Hatch	Sasser
Cohen	Heflin	Shelby
Coverdell	Helms	Simon
Craig	Hollings	Simpson
D'Amato	Hutchison	Smith
Danforth	Jeffords	Specter
Daschle	Kempthorne	Thurmond
DeConcini	Kohl	Wallop
Dole	Lott	Warner
Domenici	Lugar	Wofford

NAYS—37

Akaka	Inouye	Mitchell
Baucus	Johnston	Moynihan
Biden	Kassebaum	Murray
Boxer	Kennedy	Pell
Bradley	Kerrey	Pryor
Bumpers	Kerry	Reid
Byrd	Lautenberg	Riegle
Conrad	Leahy	Rockefeller
Dodd	Levin	Sarbanes
Feingold	Lieberman	Stevens
Glenn	Mathews	Wellstone
Harkin	Metzenbaum	
Hatfield	Mikulski	

The PRESIDING OFFICER. On this vote, the yeas are 63, the nays are 37. Two-thirds of the Senators voting, not having voted in the affirmative, the joint resolution is rejected.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the joint resolution was rejected.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I would simply like to thank my colleagues, my cosponsors—all of them—but particularly Senator HATCH, Senator CRAIG, Senator DECONCINI, Senator THURMOND, and Senator BRYAN. I also would like to thank the organizations that put in a tremendous effort here and also the staff members.

On my own staff, Aaron Rappaport was just superb; Jeremy Karpatkin; Susan Kaplan; David Carle; Brad Douglas; Peter Hadinger; Syrena Case; Bob Dove from Senator DOLE's staff; Damon Tobias from Senator CRAIG's staff; Thad Strom from Senator THURMOND's staff; Janis Long from Senator DECONCINI's staff; Sharon Prost, Mark Disler, Shawn Bentley and Larry Block from Senator HATCH's staff. People have been terrific.

Let me also pay my respects to Senator BYRD and Senator MITCHELL for fighting strenuously, to Senator HARRY REID also for the battle that he put up. It has been a fight well worth doing, and I have no regrets.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I also want to pay tribute to those who fought so hard for this amendment and those who fought so hard against it. It was a classic constitutional battle fought hard on both sides with, I think, good arguments made on both sides and an awful lot of intensity on both sides.

I particularly want to thank my colleague, Senator SIMON, for his leadership on this matter. Of course, right down the line, you certainly want to make special mention of Senator SIMON, Senator THURMOND, Senator DECONCINI, Senator CRAIG, Senator HEFLIN, and others who have spent so much time on this floor trying to do everything they could.

I particularly want to thank my colleague from Idaho for the many, many efforts that he has made, sincere efforts, to try and bring about this balanced budget amendment.

This is an important day. We lost, but it is just one loss in a long series of battles toward getting a balanced budget amendment that will work for this country because we are convinced that nothing short of that is going to get us the fiscal discipline we have to have.

But, in any event, I want to compliment those who have won here tonight. They fought a very strong and good battle, with very formidable forces. We were almost doomed from the beginning because of the tremendous power and capacities that they have.

I certainly want to express the highest accolades for my dear friend and colleague from Illinois. I know this is a disappointment to him. On the other hand, he has fought a great fight. He has done the best he could. He has rallied forces all over the country, and we all have respect for him on this particular issue, whether we are on one side or the other. Again, my colleague from Idaho as well.

Mr. President, I want to thank the various major staff members who have helped the proponents of this amendment for their efforts:

From Senator SIMON's staff: Susan Kaplan, Aaron Rappaport, Brad Douglas, Peter Hadinger, Syrena Case, Amy Isbell, and David Carle.

From Senator CRAIG's staff: Damon Tobias.

From Senator DECONCINI's staff: Janice Long and Meg Wuebbels.

From Senator THURMOND's staff: Thad Strom.

From my own staff: Shawn Bentley, Larry Block, Sharon Prost, Michael Kennedy, and David Jones.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank the Senator from Utah for yielding.

Let me thank Senator HATCH, the ranking Republican on the Judiciary Committee, for a long fight he has waged.

And Senator STROM THURMOND, to my immediate left, who started this battle some 30 years ago in the United States Senate with a very futuristic look toward where we must go. It is interesting that this is another one of those votes and, yet, he remains as firmly committed to this issue as he always has been.

Of course, Senator PAUL SIMON who bore a great deal of the leadership here and moved this issue forward. I concur with Senator HATCH, this is but a skirmish in a very important battle. This issue will be back, we will bring it back to the floor. It will be voted on in the other body within a few weeks. It is something that will not go away unless the Congress of the United States deals with it in a responsible fashion.

Mr. Thurmond addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, first, I want to commend the chief author of this legislation, Senator SIMON, of Illinois. He worked hard. He did a fine job. He did it as well as anyone could under the circumstances.

I want to congratulate the distinguished Senator from Utah [Mr. HATCH]. He worked hard and did a fine job and did as well as anyone could have done under the circumstances.

Along with him is Senator CRAIG, of Idaho, who worked as hard as any man in this Senate. He worked with the House on this matter.

We fought the best we could. I first started working on this question with Senator Harry Byrd, Sr. and Senator Carl Mundt of South Dakota about 35 years ago. We passed it through this body in 1982 and sent it to the House. The leaders got up and moved to kill it. We just missed by one vote in 1986. But we are not through. We are going to continue. We are going to continue until we get it passed.

Why do I say that? Simply because there is no other way. We are running over $200 billion a year deficit. What can you do? What can you do except pass a constitutional amendment? You have to mandate this Congress to stop spending over what we take in. You have to require this Congress to stop spending more than we take in. You have to stop this Congress from spending more than we take in. The only way you can do it is to pass a constitutional amendment. So we have a day ahead yet to fight, and we will do it.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

MORNING BUSINESS

Mr. FORD. Mr. President, will the distinguished Senator from Iowa yield to me for a unanimous consent agreement?

Mr. HARKIN. Without losing my right to the floor.

Mr. FORD. Without him losing his right to the floor.

Mr. President, I ask unanimous consent now that the Senate proceed as if in morning business with Senators allowed to speak therein for up to 5 minutes each.

Mr. HARKIN. Mr. President, reserving the right to object, I have at least 10 minutes in which I wish to speak.

Mr. FORD. That the Senator from Iowa be allowed 10 minutes.

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

BALANCED BUDGET AMENDMENT

Mr. HARKIN. Mr. President, I voted against the Simon amendment, and I feel that I must at this time explain my vote and say why I voted the way I did.

I listened with bemusement to the statement made by the Senator from South Carolina when he said the only way we are going to do this is to mandate the Congress with a constitutional amendment. But just as the majority leader pointed out, they added a clause which took the Supreme Court out and said the Supreme Court could not review it, so who is going to mandate it? The whole thing I think evolved into almost ridiculousness toward the end.

I must at the outset, Mr. President, say that I do philosophically support a constitutional amendment to balance the budget. I support such a change first because of my own personal belief in frugality. That is the way I was raised. Except for two houses that my wife and I have purchased and a car I bought once when I was a younger man, I have never gone into debt because I do not believe in it. My wife and I have always saved and then bought things or invested. I think that is probably due to the influence of my father. My father worked in the coal mines most of his life. When he saved up enough money, he bought a small farm. His timing was bad. It was about 1928. The Depression came, and he lost it. He impressed upon me during my early years a great fear of debt and what debt meant to him, how it destroyed his dreams.

In 1981, after the Reagan tax cut was passed—I voted against it—Speaker O'Neill asked me to appear on a television program, I believe it was the MacNeil/Lehrer program, to talk about it. I remember at that time I held up my credit card on the show and I said President Reagan and the Congress in passing this just put the country on your credit card. And it is going to feel mighty good when you are out there spending money and borrowing it. But sometime the bill is going to come due. And what I am afraid is that when that bill comes due, the people who are going to have to pay it will be the working people of this country. They are the ones who will have to pay it.

Well, by 1986, after phony Gramm-Rudman I and phony Gramm-Rudman II, we kept getting deeper into debt. I did not see any way out, and so in 1986 I supported the amendment to balance the budget. That was then called the Hatch-Simon amendment.

I was pulled in the direction of supporting that because of my upbringing, because of my background, and because what I had seen President Reagan do to this country, pushing us deeper into debt and putting us on a credit card.

But I must also say the issue of constitutional integrity also concerns me. Our distinguished President pro tempore has spoken on that very eloquently, and I have listened as often as I could and I have read just about all that he has spoken on this issue.

Thomas Jefferson has often been quoted in this debate. I will proffer another quote from Thomas Jefferson when he said:

> A permanent Constitution must be the work of quiet leisure, much inquiry and great deliberation.

And further Thomas Jefferson defined the Constitution as "an act above the powers of ordinary legislation."

So we must, Mr. President, justify clearly and beyond doubt why it is necessary to act above the powers of ordinary legislation.

The deficit, our inability to come to grips with it and to make the hard choices, what it will mean in cost to future generations, the specter of monetizing the debt in the future, I believe, gives us some justification to act above the powers of ordinary legislation.

The question then becomes what type of an amendment? How is it worded? What is in? What is out? Well, today we had two before us. Neither was perfect. I believe the Reid amendment was better, and that is why I supported it. There were three reasons why I did.

I believe the Reid amendment was superior to the Simon amendment, first, because it exempted Social Security. The Simon amendment did not. I would quote Robert Ball, a renowned expert on Social Security issues, in the February 22 CONGRESSIONAL RECORD, when he said that "the Social Security system is self-financed and responsibly financed."

Social Security has always paid its own way. From 1937 to 1992, Social Security collected $3.900.7 trillion. It paid out $3.569.2 trillion, leaving $331.5 billion in assets. Social Security has always paid its own way.

But no matter. The Concord Coalition and others want to destroy this. They want to turn Social Security into a welfare program and impose a means test. That is unfair and unacceptable.

I believe the prediction I made in 1981 when I said the country was going on a credit card and when the bill came due it would be put on the backs of workers would come true if we passed the Simon amendment, because in 2001, when the budget would have to balanced where is all the money going to be? It is going to be in the Social Security trust fund, and that is what we will be going after. Congress will go after the payments that workers put into the Social Security trust fund and will go after the benefits that retirees receive to balance the budget.

I do not think that is fair, and I do not think that is right. That is why I voted against the Simon amendment, because the Simon amendment would have required our workers and the elderly to pay for the profligate spending of the 1980's.

Now, again, according to Robert Ball in a February 5 Washington Post op-ed, he said Social Security revenues will exceed outlays for the next 30 years. Even Mr. SIMON agreed with that. But then he said it starts to go down.

But that is 30 years from now. Who can say what our situation will be like. By then we might find a cure for cancer. I hope we do. We might find a cure for Alzheimer's disease. We will have health care reform, I hope, and all of these could save us untold billions of dollars which would help our economic situation.

But if the Simon amendment were to pass, by 2001 the Social Security trust fund would start to be raided; you can count on it.

The second reason I thought the Reid amendment was better than the Simon amendment was because it provided for separate capital and operating budgets. Most States have these. I think we need to delineate what is capital and what is operating. It would be subject to debate. I happen to believe very strongly that education is one of the most fundamental capital investments that we can make, not an operating but a capital investment.

The third reason that I believe the Reid amendment was better than the Simon amendment was because of its recession provision. We are a diverse Nation, Mr. President. Recession may hit one area but not another. In the 1980's we had a big depression in the Midwest. But the coasts were booming. We enacted legislation to help our people, help our farmers who were in crisis. We passed it. But I am not so certain we could do that with a three-fifths majority in the Senate sometime in the future. Senator SIMON says if there is a recession you will get over 60 votes. I am not so certain, taking a look at the past, looking at what happened to the reconciliation bill last year. I do think that the Reid amendment should have been improved to say that deficit spending during a recession must be paid back within a set period after the recession ends.

But again, Senator SIMON in his closing remarks—he is not here, and I should not refer to him too often since he is not here—you can check the RECORD. In his closing remarks he said that every generation has paid its own way. I beg to differ. In the Great Depression from 1934 to 1939, under the Roosevelt administration, under the direction of Harry Hopkins, we spent over $9 billion on relief in this country. Did it stop the depression? Not really. It never really got us out of the depression. But it saved a lot of lives. It kept people from starving to death. It kept people from freezing in the wintertime, and I ought to know. When my father lost that farm in 1929 and could not find work, he had to go on WPA later on in the 1930's. Had it not been for WPA, I do not know what would have happened to my family.

That generation did not pay its way. But thank God we had a Government that cared. We had a Government that knew that by investing in people during that period of time we would go to a stronger country and future generations would be secure.

So I beg to differ. Each generation has not paid its own way. And sometimes when we have a recession, we are going to have to make sure that this country responds by taking care that people do not fall through the bottom, that they do not starve, and that they do not freeze to death.

So that is not taken care of in the Simon amendment. Again, you have to have supermajority support to pass that. I am not certain that that would be there.

So in essence, I believe the Simon amendment was seriously flawed. Again, my vote should not in any way be interpreted that I will not vote in the future for a balanced budget amendment. In the past, I have supported some and I have opposed some. I would point out that Mr. SIMON changed his amendment at least twice since 1986. So it is not written in stone.

Others say this issue will come back. Well, perhaps it will. I will look again at how it is written. But it must provide, I think, No. 1, to keep Social Security out; No. 2, it must provide for a majority vote, not just supermajority, but a majority vote to take care in times of recession when we might need to spend money in order to keep people alive.

I will close on that note. I believe quite frankly after reading the Constitution and looking at the rules of the Senate—I see the distinguished President pro tempore here. He knows it much better than I do. I really believe that the filibuster rules are unconstitutional. I believe the Constitution sets out five times when you need majority or supermajority votes in the Senate for treaties, impeachment. We all know the five. I believe by having a filibuster rule that provides for a minority to determine the course and the outcome of legislation and to decide whether something is enacted into law or not. I do not know. It has never been tested in the courts.

But I hope that when the new Congress reconvenes next January we will take a look at changing the rules on the filibuster so that the majority can indeed rule here as was envisioned by our Founding Fathers.

So for all these issues, I believe that the Simon amendment was seriously flawed and I could not in good conscience support it. That is not to say as I said that sometime in the future I might not support some amendment that might be crafted differently, that might provide for the things that I spoke about. But if it is another Simon amendment, I could not do it.

There are those who will say that I voted for the Simon amendment in 1986 and I changed my vote. I have changed my views. It was Robert Lowell who once said that, "Only the foolish and the dead never change their views."

I like to think that I at least have enough intelligence and I am alive enough that as times and conditions change I can look more accurately and closely at legislation and determine how it is going to affect our country.

So in those intervening years between 1986 and 1994 I saw the problems in the Simon amendment and what it would mean to Social Security, and what it would mean to our country if we indeed found ourselves in a recession.

Again, for those reasons, my conscience compelled me to vote against it.

Thank you, Mr. President.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The President pro tempore.

Mr. BYRD. Mr. President, the Scriptures instructed that, "A word fitly spoken is like apples of gold in pictures of silver."

I trust that it would be fitting for me to speak just a very few words to congratulate those Senators who voted against the amendment today. It took courage.

Before the Senator from Iowa leaves the floor, I express my commendation as well as my thanks to him for the vote that he cast; my thanks because he voted to save the Constitution; my commendations because it was an extremely difficult matter for him. I know he wrestled with it up until the time of the vote.

So I commend him. I have no doubt that he can sleep well tonight. His conscience is clear. He can look at his children, if he has grandchildren, and say, "I did my duty as I saw it."

I also, Mr. President, express my appreciation to those who supported the Simon amendment. I found in this debate Mr. SIMON, as we have always known him to be, to be courteous, tenacious, and he worked hard. He went from office to office and from Senator to Senator. He worked very hard; Senator CRAIG, and Senator HATCH, as well.

I thank my colleague on the other side of the aisle, the Senator from Oregon, Mr. HATFIELD. And I thank my colleague, Senator STEVENS, and my colleague, Senator KASSEBAUM. It was extremely difficult for them to take the stand that they took. But we are not to be concerned so much about difficulties in taking difficult stands. That is what we expect to do. And we take the oath to support and defend the Constitution. We expect to have to take difficult stands. I thank them.

I also thank Senator REID and those Senators who supported him in the amendment that he had so carefully drafted. It was an exquisite piece of genius on his part, I think, to craft that amendment, and it would obviously have made some improvement. As I said earlier, I could not support any amendment to amend the Constitution that would be destructive of the separation of powers, checks and balances, and would result in a shifting of the power of the purse away from the legislative branch.

Lastly, I commend and salute the distinguished majority leader. Without his support, his hard work, his consistently and constant hard work, the amendment, in all likelihood, would have carried. It was a difficult choice for him. But leadership is expected to be difficult, and Senator MITCHELL has done the Senate and the Nation a good deed in helping to defeat the amendment.

Finally, let me say that once again the Senate has justified my faith in the institution, and the Constitution still lives.

The PRESIDING OFFICER. The Senator from Kentucky.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 710. Ginger Ehn Lew, to be general counsel of the Department of Commerce.

Calendar 711. Greg Farmer, to be Under Secretary of Commerce for Travel and Tourism.

Calendar 712. Graham R. Mitchell, to be Assistant Secretary of Commerce for Technology Policy.

Calendar 713. Thomas R. Bloom, to be an Assistant Secretary of Commerce.

Calendar 714. Thomas R. Bloom, to be chief financial officer, Department of Commerce.

Calendar 718. Rear Adm. Robert E. Kramek, to be Chief of Staff, U.S. Coast Guard.

Calendar 719. Stephen M. Midas, to be a permanent commissioned officer in the grade of lieutenant (junior grade).

All nominations placed on the Secretary's desk in the Coast Guard.

I further ask unanimous consent that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that upon confirmation, the motions to reconsider be laid upon the table, en bloc, that the President be immediately notified of the Senate's action, and that the Senate return to legislative session.

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

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF COMMERCE

Ginger Ehn Lew, of California, to be General Counsel of the Department of Commerce;

Greg Farmer, of Florida, to be Under Secretary of Commerce for Travel and Tourism;

Graham R. Mitchell, of Massachusetts, to be Assistant Secretary of Commerce for Technology Policy;

Thomas R. Bloom, of Michigan, to be an Assistant Secretary of Commerce; and

Thomas R. Bloom, of Michigan, to be Chief Financial Officer, Department of Commerce.

COAST GUARD

Rear Adm. Robert E. Kramek, U.S. Coast Guard, to be Chief of Staff, U.S. Coast Guard, with the grade of vice admiral while so serving.

The following officer of the U.S. Coast Guard to be a permanent commissioned officer in the grade of lieutenant (junior grade) in the Regular Coast Guard: Stephen M. Midas.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

Coast Guard nominations beginning Sharif A. Abdrabbo, and ending Kathleen A. Zygmunt, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 3, 1994.

Coast Guard nominations beginning Marshall S. Reichenbaugh, and ending Jack H. Scheyer, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 4, 1994.

NOMINATION OF GINGER EHN LEW TO BE GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE

Mr. HOLLINGS. Mr. President, I am pleased that the Senate is considering the nomination of Ginger Ehn Lew for the position of general counsel of the Department of Commerce. [DOC]. The Committee on Commerce, Science, and Transportation held Ms. Lew's confirmation hearing on February 10, 1994, and reported her nomination.

As general counsel, Ms. Lew will serve as the Department's chief legal officer. The Office of General Counsel represents DOC in proceedings before regulatory agencies, supervises legal aspects of DOC's legislative program, and coordinates and drafts regulations, among other things. DOC operations cover a wide range of complex activities, from the development of trade, technology, and telecommunications policy to oceans and atmospheric issues. While the responsibilities of DOC's general counsel have always been challenging, the diverse programs that DOC oversees are particularly important today as the world focuses more closely on economic competition and new international alliances and, thus, Ms. Lew's challenges are that much greater.

Ms. Lew will bring considerable legal experience to this position. Prior to her nomination, Ms. Lew served as vice president and general counsel at Energeo, an energy research and development firm in San Francisco. From 1986 to 1991, she was counsel on international trade matters for Arthur Young & Co. Besides working as an attorney for two Washington law firms, Ms. Lew's previous experience also includes Federal service at the Department of Housing and Urban Development, the State Department, and the Department of Energy. Ms. Lew began her legal career in the Los Angeles city attorney's office in 1974. She is a native of California and received her B.A. from UCLA in 1970 and a J.D. from Boalt Hall School of Law in 1974.

Ms. Lew's expertise will be an asset to DOC and to the administration. Therefore, I urge my colleagues to support her nomination.

NOMINATION OF C. GREGORY FARMER AS UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM

Mr. KERRY. Mr. President, I rise today in support of the nomination of C. Gregory Farmer of Florida as Under Secretary of Commerce. If confirmed, Mr. Farmer will lead the U.S. Travel and Tourism Administration [USTTA] within the Department of Commerce and will be charged with the responsibility of promoting the United States as an international travel destination.

When speaking to tourism groups, Greg likes to tell of the time he embarked on an ambitious vacation of bicycling in—of all places—the Grand Canyon. In all seriousness, his job at USTTA may be a similar experience. Last year, the House voted to eliminate funding for USTTA, and the agency undoubtedly will face another round of skepticism this year.

Simply put, USTTA must do a better job of showing that its expenditures generate sales for the U.S. tourism industry. Furthermore, it must be a strong voice of policy for this diverse industry, whose success is sensitive to even a tinkering in a number of gov-

ernment activities, from airline regulation to immigration procedures. The United States now boasts a healthy $20 billion trade surplus in tourism, and with worldwide travel expected to double by 2005, we must have a strategy for maintaining our market share.

Although our House colleagues have questioned a number of USTTA's activities, there should be no doubts about the importance of tourism to the U.S. economy. In the Commonwealth of Massachusetts alone, visitors spend $7.5 billion on travel related activities each year, and 1.6 million international tourists visit our State. Our international numbers will increase even further as Boston hosts a round of World Cup soccer this year.

Mr. Farmer arrives at USTTA with an excellent managerial background. For the past 3 years he has served as secretary of commerce for the State of Florida, heading an agency of 280-plus employees with 9 international trade and tourism offices. In addition, he served for 5 years as administrative assistant to former Congressman Buddy MacKay and for 2 years as director of government relations for Northern Telecom, Inc., here in Washington, DC.

It's an understatement to say that tourism is a mainstay of the economy of Florida, where tourism generates an estimated $31 billion in sales each year. Mr. Farmer has been extremely diligent in promoting Florida as a destination in emerging markets such as Latin America and Asia, and in this respect his tenure within Governor Chiles' administration has been very successful, with the number of international visitors to Florida increasing by about 11 percent.

Mr. Farmer has also guided the Florida tourism industry through some extraordinarily rough times in recent years. The recovery of the tourism industry following the destruction of Hurricane Andrew was a key to getting the State back in order, both economically and symbolically.

Unfortunately, Mr. Farmer also had the unpleasant task of responding to the sad string of violent attacks on tourists in the State of Florida. As secretary of commerce, he reacted quickly, working with the Governor on a two-pronged approach of increased law enforcement and expanded consumer education. In a short time, the State increased funds for law enforcement, created a violent street crimes force in Miami, and instituted 24-hour security at rest areas along the highways.

In addition, he led the State's division of tourism in a crime-prevention campaign through which the State has removed lease designations on rental cars, published travel safety brochures in several languages, introduced a worldwide consumer hotline, and made sure that local businesses are prepared to give directions to travelers.

I might also add that the tourism industry is extremely dependent on the overall health of our domestic economy. In this respect, Mr. Farmer will be a valuable resource for the Department of Commerce and the administration. As secretary of commerce of Florida, he has been at the forefront of efforts to improve job training, increase access to capital for businesses, and introduce Florida companies to overseas opportunities. I am proud to add that in the area of technology transfer, he looked to Massachusetts as a model for transferring, commercializing, and capitalizing on research and development coming out of local universities.

In this age of budget restraints, Mr. Farmer has become well adept at stretching scarce government funds and leveraging support from the private sector for important initiatives. I welcome this attitude at the USTTA, and I look forward to working with Mr. Farmer in his capacity as Assistant Secretary of Commerce.

NOMINATION OF C. GREGORY FARMER AS UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM

Mr. HOLLINGS. Mr. President, I rise today in support of the nomination of Greg Farmer to serve as Under Secretary of Commerce for Travel and Tourism. When I look over his resume, I see the record of a young man who has tackled a host of issues very familiar to this Senator. From coastal zone management to technical training, from technology transfer to regulatory streamlining, Mr. Farmer's public service has been founded on the notion that Government must be a partner, not an antagonist, of the private sector.

As Secretary of Commerce for the State of Florida, Mr. Farmer has overseen an agency of over 280 employees with 9 foreign trade and tourism offices. For becoming an expert on tourism, Florida is almost as good a training ground as South Carolina. With the Sunshine State hosting over 1.3 million visitors on the average day, Mr. Farmer will understands the role of tourism as a tool of economic development. He also understands that tourism is an avenue for establishing goodwill among countries and furthering trade relations. Every time foreign visitors come to our country, they gain exposure to U.S. products and help promote the United States as a travel destination to their friends back home.

We must not fall into the trap of thinking that tourism means only bermuda shorts and instant cameras. Tourism is one of our largest industries, ranking as the No. 1 employer in 13 States, including my own, and last year domestic and foreign travelers spent $380 billion on tourism activities in the United States. It is a clean industry creating good jobs.

At this moment, tourism is a major export success story for the U.S. economy. Last year, international visitors to the United States spent a total of $74 billion, and foreigners spent $20 billion more here than Americans spent traveling abroad. As the market for world tourism grows by leaps and bounds, it is imperative that the United States have a comprehensive strategy for maintaining our favorable balance of trade in this industry. The United States still enjoys the largest share of the world tourism market at 19.3 percent, and any decline in that share represents million of dollars lost to U.S. hotels, motels, theme parks, camps, attractions, restaurants, and retailers.

Tourism is the bread and butter industry that can bring a State through the toughest of times. In the aftermath of Hurricane Hugo in 1989, the State of South Carolina looked to the tourism industry to let the world know that we were back on our feet and open for business. As the Government official who led Florida's tourism industry through Hurricane Andrew, Greg Farmer well knows this story.

Mr. Farmer has helped the Florida tourism industry persevere through the negative impacts of mosquito outbreaks, hurricanes, and violent attacks on tourists. Now he must help the U.S. tourism industry fight against a tidal wave of indifference from a Congress that fails to understand the importance of this industry.

The budget of U.S. Travel and Tourism Administration [USTTA] for fiscal year 1994 is $17.1 million. I am sure that, when Mr. Farmer compares this amount to the $173 million spent by Greece, the $84 million spent by France, or the $90 million spent by South Korea on promotion, he knows he has a great challenge in front of him. The United States ranks 23d among nations in spending on tourism promotion; even the much smaller country of Cyprus outspends us. While the budget situation will continue to be difficult, Mr. Farmer, who was administrative assistant to our former colleague Congressman Buddy MacKay, will be well prepared to work with the Congress.

I have joined forces with the U.S. Department of Commerce to promote tourism since 1961, when President Kennedy established a tourism office under Secretary Luther Hodges. I look forward to working with Mr. Farmer as he brings to USTTA his expertise from both national and State government service.

I urge my colleagues to join with me in approving his nomination.

NOMINATION OF GRAHAM MITCHELL TO BE ASSISTANT SECRETARY OF COMMERCE FOR TECHNOLOGY POLICY

Mr. HOLLINGS. Mr. President, I am pleased that the full Senate is now con-

sidering the nomination of Dr. Graham R. Mitchell to be Assistant Secretary of Commerce for Technology Policy.

Dr. Mitchell is eminently qualified for this post. An electrical engineer by training, he has worked extensively in industry. At General Electric in the 1970's, he developed and sold new electrical equipment. At GTE from 1980 until accepting this offer of Government service, he headed the planning department of GTE Laboratories and later became director of planning and forecasting at those laboratories. He has solid experience not only with technology itself but also with the process by which companies turn new technology into successful products. Equally important, he is the choice of both Commerce Secretary Ron Brown and Under Secretary for Technology Mary Good. They think highly of him, and his testimony during his February 10 confirmation hearing was impressive.

Dr. Mitchell comes to his post at a critical time in American technology policy. With recent congressional initiatives and the election of a new President, the U.S. Government is finally moving at least part of its $70 billion annual research and development [R&D] budget away from old cold war priorities toward the economic needs of the Nation. Historically, the Government has invested heavily to help a few key sectors such as agriculture, aerospace, medicine, energy, and defense. But almost nothing has been invested to help general civilian industry and manufacturing to stay at the cutting edge of world technology. As our companies and workers face unprecedented foreign competition, it is vital to make our Federal research investment more useful to our companies. It is equally vital to understand what other policies can help to boost American competitiveness and jobs. Reporting to Dr. Good, Dr. Mitchell will be in charge of the Commerce Department's Office of Technology Policy, the Government's think tank on civilian technology issues. It is a vital post in this new era, and we need an expert with Dr. Mitchell's understanding of industry and breadth of experience.

Mr. President, I am pleased with the President's nomination for this important post, and I urge our colleagues to confirm Dr. Mitchell.

NOMINATION OF THOMAS R. BLOOM TO BE ASSISTANT SECRETARY OF ADMINISTRATION AND CHIEF FINANCIAL OFFICER OF THE DEPARTMENT OF COMMERCE

Mr. HOLLINGS. Mr. President, I rise today to support the nomination of Thomas R. Bloom to be Assistant Secretary for Administration and Chief Financial Officer of the Department of Commerce [DOC]. The Committee on Commerce, Science, and Transportation held Mr. Bloom's confirmation hearing on February 10, 1994, and reported his nomination.

The position of Chief Financial Officer is relatively new, having been created by the Chief Financial Officers Act of 1990. The Chief Financial Officer is responsible for reporting to the Secretary of Commerce regarding financial management matters; overseeing financial management activities; developing and maintaining an integrated agency accounting and financial management system; providing policy guidance and oversight of agency financial management personnel; and preparing a breakdown of the Department's budget for transmittal to the Director of the Office of Management and Budget.

Mr. Bloom is well qualified to assume this important position. Prior to his nomination, Mr. Bloom served as audit partner for Kenneth Leventhal & Co., an accounting firm, from 1988 to 1993. From 1985 to 1988, he was chief accountant and accounting fellow at the Federal Home Loan Bank Board. He has over 18 years of experience in the fields of financial management and general management, having served as auditor, management consultant, comptroller, and accounting regulator. Mr. Bloom is a native of Detroit and received his undergraduate degree from the University of Michigan in 1975.

The financial management and administration of such a large and diversified department is quite a responsibility. I know Mr. Bloom is up to the challenge and I urge my colleagues to support this nomination.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to the consideration of legislative business.

DEATH OF GEORGE TAMES

Mr. MOYNIHAN. Mr. President, I rise today to recognize the passing of a most gifted and decent friend. George Tames, for many decades the New York Times' uniquely talented photographer, died this past Thursday.

George Tames' work spanned 10 administrations, and he possessed the unique ability to capture life's most telling moments, forever.

My thoughts and prayers are with Mr. Tames' family and friends.

The February 24, 1994, edition of the New York Times printed a kind memorial to this uncommon artist. Mr. President, at this time I ask that my statement and the following obituary be included in the RECORD.

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

[From the New York Times, Feb. 24, 1994]

GEORGE TAMES, PHOTOGRAPHER, DIES AT 75

(By David Binder)

WASHINGTON, February 23.—George Tames, a news photographer for more than half a century whose work changed the way Americans looked at Presidents and political power, died here today while undergoing heart surgery. He was 75.

His photographs chronicled 10 Presidents from Franklin D. Roosevelt to George Bush, countless members of Congress and visiting statesmen from Churchill to Khrushchev. President Eisenhower chose two Tames photographs for official portraits, and a third became a 6-cent Eisenhower stamp.

The photo for the stamp was a characteristic Tames shot, taken of Eisenhower in 1953 in an unguarded moment as the President was delivering a radio-television address announcing that a truce had been agreed to ending the Korean War.

Over the years Mr. Tames also won awards and citations for dramatic action shots of a farmers' protest, a civil rights march and a still life of the Lincoln Memorial. The bulk of his work was for The New York Times, which he joined in 1945, after six years with Time magazine. That was the era of the large Speed Graphic camera, which shot only one frame at a time. He retired from The Times 40 years later in the era of the .35 millimeter camera with high-speed shutters and large, fast lenses.

KENNEDY AT HIS DESK

Mr. Tames was a keen student of Washington's changing political culture, early on, he developed an instinct for capturing dramatic moments on film.

One of his most widely known photographs showed a silhouette of President Kennedy from the back, leaning on his desk in the Oval Office and visibly burdened by the weight of his job. It was the kind of picture that Mr. Tames could find and shoot because of his ability to develop easy and informal access to the powerful.

"Mine was an unofficial role in his political kingdom," Mr. Tames recalled in his memoir, "Eye on Washington," published in 1990, "that of jokester and bringer of news, rumors and spicy Capitol Hill gossip."

Knowing that Kennedy often worked standing up because of an injured back and that his door was often open, Mr. Tames saw the President bent over, reading something in a newspaper. "I deliberately underexposed," he said later. "I wanted the blackness, the mood that I saw with my eye."

'POSTERITY'S SPY'

In a tribute two years ago on the occasion of the National Press Club's Fourth Estate award to the photographer, Ken Burns, the documentary film maker, spoke of Mr. Tames's work as "pictures that last, that speak eloquently, that have and will endure, that clearly are the DNA of our political story in the last 50 years."

Mr. Burns said Mr. Tames was "posterity's spy—a mole—penetrating farther and much deeper into our political landscape and psyche than any reporter who hangs on words has."

George Tames was born on Jan. 21, 1919, a few blocks from the Capitol. He was the son of Greek-Albanian immigrants; his father was a pushcart peddler. In the Depression, when the large Tames family depended heavily on relief, President Roosevelt was venerated in their back-alley home, his photograph placed alongside those of St. George and the Virgin Mother next to candles on an icon stand.

George was introduced to the Capitol early in his life. He had to work after completing the 10th grade and he began as an office courier for Time-Life, which took him back to Capitol Hill.

The work of news photographers attracted him, although at the time cameramen were not allowed to roam the Congressional corridors. But he was soon permitted to make photographs of individual members of Congress, and by the end of World War II he was among a small number of photographers permitted to take pictures of Roosevelt.

Although Mr. Tames had a deep affection for President Kennedy, President Truman was undoubtedly his favorite, not the least because he was the first to treat photographers with respect.

Mr. Tames relished the recollection of the day Truman "made White House photographers first-class citizens" by freeing them from the confines of a tiny West Wing chamber they called the Doghouse, and giving them entree to the press room.

Mr. Tames recalled Truman telling a foreign dignitary: "I am President of the most powerful nation in the world. I take orders from nobody, except photographers."

Mr. Tames had a wiry build and always seeming to be on the move around a city he loved. He was a tireless raconteur, telling anecdotes he had shared with the high and mighty, capped with a raucous laugh. This was a part of the persona he cultivated that made him popular not only with the politicians he covered, but also with his colleagues.

They celebrated him at 14 retirement parties, starting in 1986, after which everyone lost count. But Mr. Tames did not really retire. He went on shooting pictures as a freelance, mainly for The Times, and when a colleague or a colleague's child got married, he happily volunteered to make the wedding pictures, asking only for the cost of the film and permission to dance with the bride.

He was usually the life of any party he attended, "He's the champion," Cornell Capa, a former Life photographer, said a decade ago, "He beats everybody."

In a tribute to Mr. Tames, Wally Bennett, a longtime Washington photographer for Time, said today: "He knew all the players in the political game. He did his background work. He had a marvelous eye. He used his knowledge to make marvelous photographs that will be in the history books."

Mr. Tames is survived by his wife, the former Frances Faye Owens; two sons, Chris, of Nags Head, N.C., and Michael G., of Manteo, N.C.; three daughters, Pamale Tames Goodman of Wilson, N.C., Kathryn Tames Walton of Springfield, Va., and Stephanie Tames Nelson of Statesboro, Ga.

TRIBUTE TO MS. GLADYS KAMAKAKUOKALANI AINOA BRANDT

Mr. INOUYE. Mr. President, I would like to take this opportunity to recognize Ms. Gladys Kamakakuokalani Ainao Brandt. I commend and pay tribute to Ms. Brandt's lifelong commitment to education and to improving the quality of life of native Hawaiians.

From 1983 until 1989, Ms. Brandt dedicated her time and energy as a member of the board of regents for the University of Hawaii. On May 16, 1993 Ms. Brandt addressed the graduates of the University of Hawaii with an eloquent speech entitled "Some Reflections of the Thoughts and Words of Queen Lili'uokalani." I ask unanimous consent that her statement be made part of the RECORD.

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

STATEMENT BY GLADYS K.A. BRANDT

Candidates for graduate degrees, members of the Board of Regents, President Mortimer, faculty, family members, distinguished guests and friends:

I am honored to be with you on this occasion that celebrates the distinguished academic achievements and talents of our graduate degree candidates. This annual ritual honors the eternal search for truth and meaning.

When President Mortimer first asked me to deliver today's graduation address, I declined. I did so because I am 86 years old, and I no longer have the energy that was characteristic of my past years. However, President Mortimer asked me to take a few days to reconsider my decision.

After several days of reflection, I agreed to speak on two conditions to which the President assented. First, that my remarks would be, of necessity, brief and simple. Second, that he would never ask me again.

But truly, I agreed to speak with you mainly because I felt it was my responsibility to do so. It seems to me that someone who has had the good fortune to live a life as long and as fulfilling as mine, has an obligation to find some words to offer new graduates as they face the challenging and demanding worlds of service, research, and commerce.

But the task of preparing remarks that would have inspirational value and interest for you proved far more difficult than I had anticipated.

I thought to myself that by this point in your educational careers, it is likely that most of you may have participated in a half-dozen graduation ceremonies, each filled with the usual commencement rhetoric that is forgotten in hours, perhaps even in minutes after the speaker leaves the podium, or maybe never heard at all.

My message finally started to take shape as I reflected upon the theme which was selected for this commencement: E Ho'opili Mai, come together.

This theme is a timely reference to Hawaii's observance of the centennial anniversary, of the overthrow of the Hawaiian Monarchy. One hundred years ago, Queen Lilli'uokalani, the last member of Hawaiian Royalty to preside over a sovereign Hawaiian nation, agreed to relinquish her crown to preserve the lives of her people and to put their fate in the hands of a nation she felt was committed to justice.

Her action, tragic and humiliating though it was for her and her loyal followers, was a major turning point in the evolution of today's Hawaii.

The decision to relinquish control and rule was not an easy one for this strong and courageous woman. But she was wise enough to see that an armed struggle with the militia and the U.S. Navy would be for naught, and that lives lost to preserve a throne would serve no cause, no honor, and no reasonable destiny.

In the days that followed her concession, she wrestled with her choice and its consequences for the Hawaiian people, hoping to find some large meaning in her act that would justify the course she was forced to follow. Was her act to be the death knell for her people and for a way of life that had existed for over a thousand years?

Surely, no one could have called for resistance more deservedly than she, for she was betrayed by people to whom she had offered friendship and trust. Surely, no one could have called for war more justifiably, for she was wronged by a nation whose principles she had openly admired and embraced.

It was during this time of trial and sorrow, that the Queen, who was a gifted and prolific musical composer, wrote "The Queen's Prayer," a song, whose words have become a legacy not only for her people and her land, but for people everywhere who seek peace. It is the timeless message of the Queen's words during the days that she was imprisoned in a single room in Iolani Palace that I offer you today, on this special occasion.

Mai nana i no 'ino
Na hewa o kanaka
Aka e huikala
A ma 'ema'e no

Oh, look not on our failings,
Nor on the sins of men.
Forgive with loving kindness
That we might be cleansed.

In the words of the "The Queen's Prayer" were captured a wisdom and beauty that transcend time and place, words that are as meaningful for the turbulence and chaos of our time and age, as they were for her and her people in the waning years of the nineteenth century.

Imagine! At a time when anger would have been understandable, when hatred would have been warranted, when violence would have been justifiable, this gallant woman, symbol of her people and her culture, wrote of forgiveness and aloha; of those forces that bring people together; of E Ho'opili Mai. This is the stuff of true heroes and heroines. This is the stuff of dignity and nobility.

What uncommon character! The day may have belonged to the rebels, but the future would belong to her. For in choosing peace, she preserved the opportunity for her people to once again be proud of their Hawaiian identity, and for citizens from around the world to learn and experience the feeling and value of aloha.

I share all of this with you because graduation will launch many of you into positions of responsibility and decision-making. Although the choices you may be asked or even forced to make may not have consequences for a nation of people, as did those of Queen Lili'uokalani, your choices will nevertheless be important. You, too, will be faced with conflict. You will be asked to make decisions of conscience. You will be asked to speak against oppression, and to choose between impulse and restraint, and between aggression and peace. And at that point in time, when your conscience is torn and your values are in turmoil, turn then to the example of that noble woman who once led a small Polynesian nation.

Onipa'a, be steadfast in your beliefs. Imua, go forward. And be a force for harmony. Stand against those who preach hate and destruction; against those who speak of division and separation; against those who seek power to impose their will upon others.

Remember the words of this Queen of Hawai'i, whose vision was greater, more enduring, more humane, and ultimately more powerful than the weapons of her antagonists. She understood that the concept of aloha was so broad that it could encompass and balance both the courage of conviction and the graciousness of forgiveness.

Just months before her passing, she offered the following words:

". . . You must remember, never cease to act because you fear you may fail. The way to lose any earthly kingdom is to be inflexible, intolerant and prejudicial. Another way is to be too flexible, tolerant of too many wrongs and without judgement at all. It is a razor's edge. It is the width of a blade of pili grass. . . It is to hear what is not said, to see what cannot be seen, and to know the unknowable, that is aloha."

And so I urge you on this special day, to draw inspiration from the spirit of Queen Lili'uokalani and the theme selected for today's ceremony. . . E Ho'opili Mai! Let us come together, so that we may better know, even as chaos and confusion abound, that in words and deeds inspired by aloha, resides the beacon of hope. Aloha.

SALUTE TO DAN JANSEN

Mr. KOHL. Mr. President, I rise to honor 1994 American Olympic Gold Medalist Dan Jansen. Dan Jansen, of Greenfield, WI, set a world record in the 1000-meter speedskating event on February 18, 1994, but not before overcoming recent years of personal tragedy and disappointment that eventually led to his most fulfilling Olympic accomplishment.

Jansen's dominance over the world of speedskating was proven in the past as he skated to numerous world championships over the last 10 years. The Lillehammer Olympics are the crowning achievement of his career after tragedy and hardship stood in his way in past Olympic competitions. With the eyes of the world upon him, Jansen came through with a gold medal performance that sent shivers up the spines of those who witnessed the world record event.

Dan Jansen personifies the dedication and perseverance of an Olympic champion. When up against hard times or faced with adversity, Jansen never lost hope; he just dug a little deeper and kept coming back. Dan Jansen is a true champion embodying the Olympic spirit. On behalf of all Wisconsinites, as well as the entire Nation, we congratulate you, Dan Jansen, our Olympic champion.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, anyone even remotely familiar with the U.S. Constitution knows that no President can spend a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when you hear a politician or an editor or a commentator declare that "Reagan ran up the Federal debt" or that "Bush ran it up," bear in mind that it was, and is, the constitutional duty of Congress to control Federal spending. Congress has failed miserably in that task for about 50 years.

The fiscal irresponsibility of Congress has created a Federal debt which stood at $4,559,540,702,805.73 as of the close of business yesterday, Monday, February 28. Averaged out, every man, woman, and child in America owes a share of this massive debt, and that per capita share is $17,488.87.

MANDATORY MINIMUM SENTENCES

Mr. DOLE. Mr. President, anyone interested in learning about the effectiveness of mandatory minimum sentences should read an article appearing in last Sunday's edition of the Washington Post. The article, entitled "What prosecutors Know: Mandatory Minimums Work," was written by Jay Apperson, A Federal prosecutor in the Eastern District of Virginia.

As Mr. Apperson explains: "* * * most front-line Federal prosecutors, including those who deal with narcotics and organized crime cases, strongly support tough mandatory minimum sentences for drug trafficking. * * * Mandatory minimum sentences are perhaps the single most important law enforcement tool available to prosecutors in targeting and successfully convicting high-level drug dealers. Moreover, the minimums are not absolute: low-level defendants can avoid them by cooperating with prosecutors."

Mr. Apperson goes on to point out that mandatory minimums are often used successfully by prosecutors as leverage to encourage low-level drug dealers to identify, and help convict, the violent suppliers and big-time drug traffickers. In fact, mandatory minimums were designed to give low-level drug dealers an out: You can escape the heavy penalties, if you help finger those higher up in the drug-dealing chain of command.

Mr. President, I know it's fashionable in some elite circles to knock mandatory minimum sentences for imposing long prison terms on young people, whose immaturity and lack of opportunity may have led them down the path of lawlessness. But, as Mr. Apperson's article points out, the real threat to our young people is not the mandatory minimum, but the vicious drug dealer whose business is to ruin lives and destroy communities.

Mr. President, I ask unanimous consent that Mr. Apperson's commentary be reprinted in the RECORD immediately after my remarks.

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

[From the Washington Post, Feb. 27, 1994]

WHAT PROSECUTORS KNOW: MANDATORY MINIMUMS WORK

(By Jay Apperson)

Former Deputy Attorney General Philip Heymann has drawn favorable editorial comment in recent weeks for his criticism of mandatory minimum sentences for drug-related and other serious federal crimes. Yet most front-line federal prosecutors including those who deal with narcotics and organized crime cases strongly support tough mandatory minimum sentences for drug trafficking. Had Heymann asked us, we would have told him why: Minimum sentences are perhaps the single most important law enforcement tool available to prosecutors in targeting and successfully convicting high-level drug dealers. Moreover, the minimums are not absolute: Low-level defendants can avoid them by cooperating with prosecutors.

Real cases, tried by real prosecutors with real results, provide the best evidence. Let me tell you about one of them, a case I tried in the Eastern District of Virginia in 1988, United States v. Angela Lewis & "Sincere" Ernest.

When I first saw Angela Lewis, she was standing before a federal magistrate, charged with drug trafficking. She was petrified by the experience, terrified about what she was going to tell her family. She was 19 and a successful student with a future. She had never been in trouble with the law. She did not use drugs. She was a perfect example of the people that critics say are punished unfairly by mandatory minimums. And she was also a perfect example of the people the mandatory minimum sentencing scheme is designed to help.

Charged with Angela Lewis was one "Sincere" Ernest, sometime rap singer, part-time boyfriend, full-time crack dealer. He didn't use drugs. He used people. Lewis later testified that Ernest bragged to her about his thriving business and told her that he had a lot of people selling drugs for him in Washington, because the people there were "so stupid" that they'd waste their money on dope.

Ernest and Angela flew to New York together before Memorial Day 1988. On the way back, he stuffed a paper bag in her jacket and told her to wear it on the plane to Washington, making her his "mule." According to Angela, she told him, "If that's drugs, I don't want to carry them." Ernest told her that if she didn't wear the jacket, she wouldn't get back to Washington. He sat apart from her on the plane, and waited for her to catch up with him at National Airport. They were both arrested at the terminal. But it was Angela who was carrying the drugs.

On the way to jail, Angela later said, Ernest asked her to "take the rap" for him, and since she had no criminal record, she'd only do "short time"—call it, Drug Sentence Lite.

We tried to get her to cooperate, and turn evidence on Ernest. But she wouldn't. Without her help, we had to drop the charges against him. But with so much evidence against her, we easily convicted Angela. Mandatory minimums required that she get at least 10 years (the 300 grams of crack she was carrying was six times the 50-gram amount that triggers the mandatory minimum). The sentencing judge disregarded the statute and sentenced Lewis to six months. He express the sympathetic view motivating many current critics: "[She's] 19 years old, a good student and has no record of crime or drug involvement."

I successfully appealed the judge's sentence, and after almost two years of briefs and arguments to the appellate court, the judge was ordered to resentence Lewis to 10 years. Guess what? Within 24 hours of that sentence, I heard from Lewis and her attorney. Lewis, it seems, wasn't ready to do 10 years for Ernest. She was ready to cooperate. With her help, we arrested Ernest, who was convicted and is serving 21 years in federal prison.

The tragedy is that during the almost two years it took to reverse the sentence, Ernest had been running a crack house in the Tidewater area and laundering drug profits into rap music albums starring—yep—"Sincere" Ernest. During that time I have no doubt that other Angela Lewises were recruited, used and discarded by Ernest, other victims preyed upon and more poison distributed. This would not have happened if the system had been allowed to work as intended.

Opponents of mandatory minimums paint a picture of federal prosecutors rounding up unfortunate drug addicts and low-level mules, tossing them into jail for 10 years and moving on to the next case. The reality is quite different. Unlike state drug cases, federal prosecutions attempt to focus on long-term conspiracies involving increasingly sophisticated and violent international operations. Our experience is that without tough mandatory minimum sentences, defendants facing a few years time are generally willing to serve it, rather than finger violent suppliers and big-time traffickers. Mandatory minimums are part of a comprehensive scheme that includes the government's ability to reduce a defendant's sentence below the mandatory when the defendant provides "substantial assistance" in the prosecution of others. Assistant U.S. attorneys have, by and large, insisted that substantial assistance means moving "up the ladder" to convict higher-up suppliers—those who run the operations. These thugs deliberately insulate themselves from directly dealing drugs. They use little people like Angela Lewis to do the dirty work and take the rap.

Before mandatory minimums, the underlings (couriers and mules) served little jail time for the scutwork. They were often paid for their prison time by their bosses; their short sentences were simply the cost of doing business. Needless to say, they didn't turn in those bosses.

However, faced with the certainty of a 10-year mandatory with no parole, it's amazing how a defendant's fear or "loyalty" is suddenly put into perspective. They suddenly realize they will be giving up a huge chunk of their lives for someone else, who walks away scot free.

Those arrested in federal drug cases are told immediately that they face tough mandatory minimums and that their only way out is to cooperate with the government, identify their sources, work in conjunction with undercover agents and testify in court.

One person given that chance was Derrick Curry, a young man who was the subject of a feature piece in The Washington Post on Feb. 20. The writer lamented Curry's "incomprehensibly severe" 20-year sentence for this "small time dealer." The article didn't report the full-range of Curry's known drug dealings as revealed by FBI incident reports, surveillance logs and supporting affidavits and testimony at Curry's trial: Curry had, for example, distributed crack to the undercover agent two previous times; the half kilo of crack recovered from his station wagon was in addition to another full kilo he had just delivered to a co-conspirator; a 12-gauge shotgun was found in his apartment when he was arrested with his co-conspirator.

Curry, the article did note, steadfastly refused to cooperate by "ratting on his friends." Friends? Are these the same kind of "friends" who gave Len Bias the coke that killed him? The same "friends" who supply poison to kids in our neighborhoods? It is not the mandatory minimums that are ruining "an entire generation of young black men," as the article suggested, it is drug dealers like Curry and their higher-up suppliers. Curry may be content that his suppliers are continuing to work while he protects them and serves their time for them. But I'm not. And neither are most Americans.

Here's what is missing from the public debate: Mandatory minimum mechanisms were designed to help people exactly like Derrick Curry and Angela Lewis dig themselves out of the holes they had crawled into. They were designed to help Curry and to hurt his suppliers and bosses, who use people like Kleenex and throw them away when they're done. If Curry wants to help these ringleaders stay out of jail, he can stay in jail. He could have chosen to work with the system. He chose not to. Fortunately, most defendants, like Lewis, make a different choice. These result in convictions in case after case of higher-level traffickers who would otherwise escape prosecution.

There is, to be sure, a small fraction of defendants who are unable to provide the assistance that would reduce their sentences. In my experience, this number is minuscule. But beyond that, Attorney General Janet Reno has recently provided line prosecutors with additional flexibility in charging decisions to prevent an injustice in those cases where a defendant truly cannot provide information. Her action provides for flexibility without gutting the effectiveness of the mandatory minimums. Congress and the administration should resist current efforts to undercut mandatory minimums legislatively. At the very least, the public needs to know that mandatory minimums work.

By the way, I moved to have Angela Lewis's sentence reduced because of her "substantial assistance" to the United States. Far from languishing in prison, she was free after only 18 months. She now lives with her daughter and is enrolled in a community college. She is staying away from drugs, and those who run them.

RETIREMENT OF ADM. DAVID E. JEREMIAH, USN

Mr. NUNN. Mr. President, today March 1, 1994, Adm. David E. Jeremiah, the Vice Chairman of the Joint Chiefs of Staff retired from active duty in the U.S. Navy. Today, I want to briefly review the career of Adm. Dave Jeremiah and pay tribute to his distinguished service to his country.

Admiral Jeremiah was born on February 25, 1934, and is a native of Portland, OR. He graduated from the University of Oregon in 1955 and received his commission through the Navy's Officer Candidate Program in 1956. He also received a Master of Science Degree in Financial Management from George Washington University in 1968 and graduated from the Armed Forces Staff College in 1971.

Admiral Jeremiah had extensive sea duty, including service on seven Pacific Fleet destroyers. While serving as commander, Cruiser-Destroyer Group Eight, from August 1984 until April 1986, Admiral Jeremiah directed the location and forced landing of the Egyptian airliner carrying the hijackers from the *Achille Lauro*. He was the battle force commander during freedom of navigation operations in the Gulf of Sidra and directed actions resulting in the sinking of two Libyan warships and the destruction of an anti-air missile site.

Admiral Jeremiah's other assignments include duty as a systems analyst in the Office of Program Analysis and Evaluation, in the Office of the Secretary of Defense; head of the Programs, Plans, and Development branch of the Office of the Chief of Naval Operations; Executive Assistant to the Chief of Naval Operations; Director, Navy Program Planning, of the Office of the Chief of Naval Operations; and Commander in Chief, U.S. Pacific Fleet.

For the last 4 years, Admiral Jeremiah has been serving as the Vice Chairman of the Joint Chiefs of Staff, the second highest ranking position in the U.S. military. In that position, Admiral Jeremiah has served as Chairman of the Joint Requirements Oversight Council; as the vice Chairman of the Defense Acquisition Board; and as a member of the National Security Council's Deputies Committee. He was awarded the Presidential Citizens Medal in July 1991 for significant contributions during the Persian Gulf crisis and the successful liberation of Kuwait.

Admiral Jeremiah is the second officer to serve as the Vice Chairman of the Joint Chiefs of Staff and the first officer to serve in that position as a full member of the Joint Chiefs. During his confirmation hearing in February 1990, Admiral Jeremiah committed to conducting a top-to-bottom examination of all existing requirements documents for new weapons systems to determine if the passage of time, changes in technology, and changes in the threat should lead to a change or cancellation of the requirement. That examination lead to increased emphasis in some weapons programs, decreased emphasis in others, and termination of still others.

Admiral Jeremiah's tenure as the Vice Chairman has witnessed dramatic changes in the global security environment and the resulting change in our national military strategy to a regional focus. He has also played a significant role in the Defense Department's major analytical efforts relating to the Base Force, the assignment of Roles and Missions, and the Bottom Up Review.

Mr. President, I want to extend our gratitude and our admiration to Admiral Dave Jeremiah for his service to our Nation during his 38 years of commissioned service and for his outstanding performance as the Vice Chairman over the last 4 years. I know my colleagues join me in extending best wishes to Admiral Jeremiah for continued success in the future.

BUDGET SCOREKEEPING REPORT

Mr. SASSER. Mr. President, I hereby submit to the Senate the budget

scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through February 25, 1994. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget House Concurrent Resolution 287, show that current level spending is below the budget resolution by $4.4 billion in budget authority and $0.7 billion in outlays. Current level is $0.1 billion above the revenue floor in 1994 and below by $30.3 billion over the 5 years, 1994–98. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $312.1 billion, $0.7 billion below the maximum deficit amount for 1994 of $312.8 billion.

There has been no action that affects the current level of budget authority, outlays, or revenues since the last report, dated February 23, 1994.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 28, 1994.

Hon. JIM SASSER,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the 1994 budget and is current through February 25, 1994. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the Concurrent Resolution on the Budget (H. Con. Res. 64). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated February 22, 1994, there has been no action that affects the current level of budget authority, outlays, or revenues.

Sincerely,

JAMES T. BLUM
(For Robert D. Reischauer).

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE FISCAL YEAR 1994, 103D CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS FEBRUARY 25, 1994

[In billions of dollars]

	Budget resolution (H. Con. Res. 64)[1]	Current level[2]	Current level over/under resolution
ON-BUDGET			
Budget authority	1,223.2	1,218.9	−4.4
Outlays	1,218.1	1,217.5	−0.7
Revenues:			
1994	905.3	905.4	0.1
1994–98	5,153.1	5,122.8	−30.3
Maximum deficit amount	312.8	312.1	−0.7
Debt subject to limit	4,731.9	4,451.3	−280.6

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE FISCAL YEAR 1994, 103D CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS FEBRUARY 25, 1994—Continued

[In billions of dollars]

	Budget resolution (H. Con. Res. 64)[1]	Current level[2]	Current level over/under resolution
OFF-BUDGET			
Social Security outlays:			
1994	274.8	274.8	
1994–98	1,486.5	1,486.5	
Social Security revenues:			
1994	336.3	335.2	−1.1
1994–98	1,872.0	1,871.4	−0.6

[1] Reflects revised allocation under section 9(g) of H.Con. Res. 64 for the Deficit—Neutral reserve fund.

[2] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

Note.—Detail may not add due to rounding.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 103D CONGRESS, 2D SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1994 AS OF CLOSE OF BUSINESS FEBRUARY 25, 1994

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			905,429
Permanents and other spending legislation[1]	721,182	694,713	
Appropriation legislation	742,749	758,885	
Offsetting receipts	(237,226)	(237,226)	
Total previously enacted	1,226,705	1,216,372	905,429
ENACTED THIS SESSION			
Emergency supplemental appropriations, fiscal year 1994 (Public Law 103–211)	(2,286)	(248)	
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted[2]	(5,562)	1,326	
Total current level[3][4]	1,218,857	1,217,451	905,429
Total budget resolution	1,223,249	1,218,149	905,349
Amount remaining:			
Under budget resolution	4,392	698	
Over budget resolution			80

[1] Includes budget committee estimate of $2.4 billion in outlay savings for FCC spectrum license fees.

[2] Includes changes to baseline estimates of appropriated mandatories due to enactment of P.L. 103–66.

[3] In accordance with the Budget Enforcement Act, the total does not include $13,608 million in budget authority and $8,896 million in outlays in emergency funding.

[4] At the request of Committee staff, current level does not include scoring of section 601 of P.L. 102–391.

Notes.—Numbers in parentheses are negative. Detail may not add due to rounding.

WE WILL MISS GEORGE TAMES

Mr. PELL. Mr. President, as many of my colleagues know, George Tames died last week after a lifetime of recording Washington's political events and personalities with his camera. He will be sorely missed.

I rise to share with my colleagues an excellent appreciation of George Tames, written by Howell Raines, that ran in last Sunday's New York Times, February 27, 1994. I know that I personally will miss him.

Accompanying that article was one of his celebrated pictures of Lyndon Johnson lecturing my predecessor, Theodore Francis Green.

George, who photographed 11 Presidents during nearly a half-century as a Washington-based photographer for the New York Times, was both an exceptionally talented photographer and a delightful person.

He was justifiably known as a consumate storyteller and that skill was captured and remains available to us in his book, "Eye on Washington: Presidents Who Have Known Me."

It will be difficult for us to look around and not see him recording events at the next meeting of the men and women who shape our Nation's policy. We will miss both him and his exceptional work.

I ask unanimous consent that the following article from the Sunday New York Times be printed in the CONGRESSIONAL RECORD.

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

[From the Sunday New York Times, Feb. 27, 1994]

THE ARTISTRY OF GEORGE TAMES

(By Howell Raines)

Newspaper journalism takes place within rigid stylistic guidelines. Even so, there are a handful of writers and photographers who manage, within those strict limits, to create work that rises to the level of art. George Tames, the Times photographer who died on Wednesday at the age of 75, was such a person.

Even into his 70's, George could run and gun with the best young shooters. But every now and then his Nikon—or, in the old days, his Speed Graphic— would spit out an image that you knew would outlast the issue of the paper in which it appeared.

George was an interesting man to look at and to listen to. You had to like to listen because he could talk the horns off a billy goat. He had an artist's ego and the artist's eye to back it up. In the 55 years of photographing Washington, George earned the right to strut. When George told me he was writing his autobiography, I suggested that he call it "Presidents Who Have Known Me." I meant it as a joke. George made that the subtitle.

He was not an orderly man about preserving his work. Some of his best images were rescued from obscurity because Susan Woodley Raines, my former wife, took the trouble to catalogue a pile of prints and negatives in George and Fran Tames's basement. One of those photographs, a picture of Lyndon Johnson browbeating Senator Theodore Francis Green, hangs in my office. I was sitting in front of it on the sad day when two of George's favorite people on The Times, Carolyn Lee and Jose Lopez, came with news that he had died during heart surgery.

In that moment, I was thinking less of George's photographs than of Tames Rock in the Potomac. That was what we called a jagged gray boulder upstream from Fletcher's Boat House. George had stood on that rock and fished for herring, shad and striped bass every spring of his life from the time he was a small boy. He took me there one spring morning two years ago and let me cast from his rock. Just after daylight I hooked a big fish that got away.

For the first spring in over 60 years, George will not stand on Tames Rock. He

was a good fisherman, but he was a better photographer. When he pointed his camera, the big ones did not get away. You can call that art and no one who knows this business will argue.

NATIONAL SPORTSMANSHIP DAY

Mr. PELL. Mr. President, today marks the fourth annual National Sportsmanship Day which is being celebrated by 4,000 schools in the United States and some 55 international schools in 35 countries.

National Sportsmanship Day was conceived by the Institute for International Sport, which is located at the University of Rhode Island, to create an awareness of the issues of ethics, fair play, and sportsmanship within athletics and society. Since its inception in 1991, over 6,000 schools in all 50 States have benefited from the program.

An integral component of each National Sportsmanship Day has been the Student-Athlete Outreach Program in which college student-athletes visit local high schools and elementary schools to discuss the importance of good sportsmanship and serve as good role models. In conjunction with the activities of this program, the Institute for International Sport selects sports ethics fellows from diverse fields in athletics and education to explore the contemporary and still evolving issues of ethics and sportsmanship.

It is worth noting, Mr. President, that the Institute for International Sport successfully completed the inaugural World Scholar-Athlete Games in June 1993. This international celebration of sport, culture, and education—which was held in Newport, RI—brought together over 1,600 participants from every one of the 50 States as well as 108 countries to promote international understanding and cross-cultural communication.

I commend the Institute for International Sport for all its efforts on behalf of education, athletics, and cultural understanding.

Mr. President, I ask unanimous consent that a letter from the President's Council on Physical Fitness and Sports recognizing this day be included in the RECORD following my remarks.

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

THE PRESIDENT'S COUNCIL ON PHYSICAL FITNESS AND SPORTS,
Washington, DC, January 31, 1994.

DANIEL E. DOYLE, Jr.,
Executive Director, Institute for International Sport, Kingston, RI.

DEAR MR. DOYLE: The President's Council on Physical Fitness and Sports recognizes March 1, 1994, as National Sportsmanship Day. It is an important moment for all of us, not just youth, to reflect on the role sports play in our lives and the lessons such participation teaches us.

Observance of National Sportsmanship Day is an opportunity to recognize contributions that sports make to all aspects of our lives. Sports should teach us honesty, integrity and humility as well as develop a sense of fair play and excellence.

The Institute for International Sports is to be congratulated for its outstanding leadership in organizing this day. We are delighted and honored to be a part of this day. We are delighted and honored to be a part of this observance and look forward to seeing more schools involved.

Sincerely,

FLORENCE GRIFFITH JOYNER,
Co-Chair.
TOM MCMILLEN,
Co-Chair.

REPORT OF THE ENVIRONMENTAL IMPACT REVIEW OF THE CHEMICAL WEAPONS CONVENTION—MESSAGE FROM THE PRESIDENT—PM 90

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Environment and Public Works.

To the Senate of the United States:

On November 23, 1993, I transmitted the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (the "Chemical Weapons Convention" or CWC) to the Senate for its advice and consent to ratification. As stated in the transmittal message, I now submit herewith an Environmental Impact Review (EIR) of the Chemical Weapons Convention for the information of the Senate. This EIR summarizes the documented environmental effects that could result from the entry into force of the CWC for the United States. Considerable study has already been devoted under related Federal programs to examining and describing the environmental impacts of activities that are similar or identical to what the CWC will entail when it enters into force. This EIR is a review of published information and, as such, should not be considered an analysis of data or a verification of published conclusions.

United States ratification of the CWC will result in a national commitment to the CWC requirements that will modify the existing chemical weapons stockpile demilitarization and nonstockpile programs, as well as create additional declaration, destruction, and verification requirements. The CWC ratification and entry into force will have both environmental and health benefits and adverse effects for the United States because of the actions the United States and other parties will need to take to meet the Convention's requirements.

The report consists of six sections. Section 1 is the introduction. Section 2 provides an overview of the current U.S. chemical weapons destruction program, which can be thought of as the environmental baseline against which the potential environmental consequences of the CWC must be measured. It includes discussions of the Chemical Stockpile Disposal Program (CSDP), the Non-Stockpile Chemical Materiel Program (NSCMP), the environmental consequences of these programs, and the environmental monitoring program currently in place. Section 3 contains documentation on the possible environmental consequences of each component of the existing chemical weapons program—all of which would occur regardless of whether the United States ratifies the CWC. Section 4 is a discussion of environmental consequences that could result from U.S. ratification of the CWC, including both the benefits and potential adverse consequences for the physical and human environment. Section 5 contains a discussion of three options that could be selected by the United States instead of prompt ratification of the CWC and a discussion of the possible environmental consequences of each option. Finally, Section 6 contains the endnotes.

I believe that the Chemical Weapons Convention is in the best interests of the United States. Its provisions will significantly strengthen U.S., allied and international security, environmental security, and enhance global and regional stability. I continue to urge the Senate to give early and favorable consideration to the Chemical Weapons Convention and to give advice and consent to its ratification as soon as possible in 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *March 1, 1994.*

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2235. A communication from the Secretary of Labor, transmitting, pursuant to law, the report on the Transition Assistance Program; to the Committee on Armed Services.

EC-2236. A communication from the Director of the Congressional Budget Office, transmitting, pursuant to law, the report evaluating the cost of expanding military health care benefits; to the Committee on Armed Services.

EC-2237. A communication from the Secretary of Defense, transmitting, pursuant to law, the report on the structure, roles, and missions of the armed forces; to the Committee on Armed Services.

EC-2238. A communication from the Acting Director of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, notice of the compensation plan for 1994; to the Committee on Banking, Housing and Urban Affairs.

EC-2239. A communication from the Administrator of the Federal Aviation Admin-

istration, Department of Transportation, transmitting, pursuant to law, the report of the Aviation Capital Investment Plan; to the Committee on Commerce, Science, and Transportation.

EC-2240. A communication from the Secretary of Energy, transmitting, pursuant to law, the report of the Comprehensive Program Management Plan; to the Committee on Energy and Natural Resources.

EC-2241. A communication from the Deputy Associate Director for Compliance of the Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-2242. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on enforcement actions and comprehensive status of Exxon and stripper well oil overcharge funds; to the Committee on Energy and Natural Resources.

EC-2243. A communication from the President of the United States, received on March 1, 1994, transmitting, consistent with the War Powers Act, a report relative to Bosnia-Herzegovina; to the Committee on Foreign Relations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BINGAMAN:

S. 1880. A bill to provide that the National Education Commission on Time and Learning shall terminate on September 30, 1994; to the Committee on Labor and Human Resources.

By Mr. ROCKEFELLER (for himself and Mr. BURNS):

S. 1881. A bill to establish and implement a technology investment policy for aeronautical and space activities of the National Aeronautics and Space Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. METZENBAUM (for himself, Mr. KENNEDY, Mr. BRADLEY, Mr. LAUTENBERG, Mrs. BOXER, Mr. PELL, and Mr. CHAFEE):

S. 1882. A bill to amend title 18, United States Code, to promote the safe use of guns and to reduce gun violence; to the Committee on the Judiciary.

By Mr. INOUYE (for himself, Mr. STEVENS, Mr. HOLLINGS, and Mr. DANFORTH):

S. 1883. A bill to authorize appropriations for the promotion and development of the United States national telecommunications and information infrastructure, and the construction and planning of public broadcasting facilities, and for other purposes; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BINGAMAN:

S. 1880. A bill to provide that the National Education Commission on Time and Learning shall terminate on September 30, 1994; to the Committee on Labor and Human Resources.

TIME AND LEARNING COMMISSION EXTENSION OF TERMINATION DATE

• Mr. BINGAMAN. Mr. President, I am introducing today a bill which will extend the termination date of the National Commission on Time and Learning to September 30, 1994. Under the current law the Commission is required to terminate no later then 90 days following the submission of its report to the Congress. That report is expected to be submitted no later than April 1, 1994. Accordingly, under current law the Commission would go out of existence on June 30, 1994. This bill would extend its life for an additional 3 months.

The National Commission on Time and Learning was created in 1991 as a result of legislation which I sponsored. I have for a long time been very concerned about the fact that American students are not performing to the level of their counterparts in many other parts of the world. In that connection, I have particularly noted that students in other countries spend considerably more time in school. European students spend up to 230 days a year in class; in Japan the school year is 243 days; in South Korea it is 220 days. American schools, in contrast, generally have only a 180-day school year.

The Commission of Time and Learning was established to study the issues raised by the higher achievement of students who spend greater time in school. In particular, the Commission was directed to examine the quality and adequacy of the study and learning time of elementary and secondary students in the United States, including issues regarding the length of the school day and year, the extent and role of homework, how time is being used for academic subjects, year-round professional opportunities for teachers, and the use of school facilities for extended learning programs.

The Commission is composed of distinguished educators and education professionals. Its members are John Hodge Jones, superintendent of schools in Murfreesboro, TN, chair; Carol Schwartz, former member of the District of Columbia Board of Education and City Council and special education teacher, vice chair; Michael J. Barrett, State senator from Cambridge, MA; B. Marie Byers, president of the Washington County School Board, Hagerstown, MD; Christopher T. Cross, executive director of the education initiative of the business roundtable and former Assistant Secretary for Educational Research and Improvement in the U.S. Department of Education; Denis P. Doyle, senior fellow at the Hudson Institute and formerly with the American Enterprise Institute; Norman E. Higgings, principal of Piscataquis Community High School in Dover-Foxcroft, ME; William E. Shelton, president of Eastern Michigan University; and Glenn R. Walker, principal of Clifton-Clyde High School in Clyde, KS.

The Executive Director of the Commission is Dr. Milton Goldberg. Dr. Goldberg served as the Executive Director of the National Commission on Excellence in Education, which produced the landmark report "A Nation At Risk."

Since the Commission commenced its work in 1992, it has held eight hearings at locations across the country and has commissioned the preparation of several reports on aspects of its study. The Commission has worked very hard and I have every expectation that its report, which will be submitted very shortly, will make a very significant contribution to the debate on education reform.

The Commission has indicated to me that its report will be of great interest and significance to the education community and to policymakers, especially now that national attention is focused on education reform as it has never been before. Because of the significance and importance of the report for current reform efforts, the Commission would like to be able to continue in existence after the submission of the report for a period of time beyond the 90 days permitted by the law. The Commission seeks the additional time in order to be able to disseminate the report widely, to provide further information to interested parties concerning the hearings, studies, and other matters relied upon or consulted by the Commission in the course of its duties, and to wind down its activities in an orderly manner.

There has been appropriated $900,000 for the operation of the Commission; that appropriation continues to the end of fiscal year 1994 and sufficient moneys remain to fund operation until that time. Accordingly, no additional appropriation will be required in order to extend the life this Commission for an additional 90 days.

This Commission has undertaken a critical first step in a direction I believe education reform must take if we as a nation are going to be able to educate our young people to high, world class standards. That step is the study of the implications of time for learning. To realize the full benefit of that study, and of the investment which we have made in that study, I urge my colleagues to extend the life of the Commission for a brief additional time to September 30, 1994.•

By Mr. ROCKEFELLER (for himself and Mr. BURNS):

S. 1881. A bill to establish and implement a technology investment policy for aeronautical and space activities of the National Aeronautics and Space Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TECHNOLOGY INVESTMENT ACT 1994

• Mr. ROCKEFELLER. Mr. President, as chairman of the Subcommittee on Science, Technology, and Space, I am proud to introduce the National Aeronautics and Space Administration Technology Investment Act of 1994. I am joined by the subcommittee's ranking member, Senator CONRAD BURNS.

This bill establishes a framework for technology investment in the National Aeronautics and Space Administration [NASA] which will strengthen the link between NASA programs and economic growth and jobs for Americans. It is the result of efforts that Senator BURNS and I have made over the last year to review NASA's mission, and very specifically, its relevance to the U.S. economy. We have drawn on NASA's leadership, outside experts, and parallels in other parts of Government where partnerships with the private sector are ensuring that taxpayers' hard-earned dollars are reaping maximum benefits. And this bill reflects my continued commitment to our space agency, but a belief that its future rests on a more concerted effort to make tangible contributions to growth and jobs for Americans.

As part of our Nation's effort to win the cold war, NASA was created in 1958 to ensure U.S. preeminence in aeronautics and space. NASA was able to pursue technology development of highly specialized hardware solely to fulfill unique mission requirements which were driven in large part by foreign policy and an elite research community. However, over 35 years later, ongoing Federal budget constraints affect our ability to fund important research and development objectives and pursue changing national priorities.

Since 1962, NASA has been mandated to "provide for the widest practicable and appropriate dissemination of information concerning its activities and the results thereof." This congressional mandate has been the foundation for the utilization and transfer of technology from NASA to the private sector in the form of spinoffs or the secondary application of NASA-developed technologies. In 1984, NASA also was mandated to "seek and encourage, to the maximum extent possible, the fullest commercial use of space." In fulfilling this requirement, NASA has fostered collaborations with industries and universities to develop commercial uses of space.

While both of these congressional mandates have resulted in new products and unique uses of NASA research and technology, spinoff successes have been attributed largely to serendipitous events rather than focused NASA technology transfer and utilization efforts. With the continuing budget constraints, NASA must look beyond the technology transfers approach of the past three decades, and focus its aeronautical and space activities to contribute more effectively to our Nation's economic priorities.

Some contend that NASA's pursuit of aeronautics and space missions is incompatible with the goals of economic growth and jobs, outside of the traditional aerospace industry. Both supporters and critics of the space program have also questioned the value of funding NASA missions when large, drawn-out project routinely overrun cost estimates and are subsequently redesigned to eliminate new technologies to meet budget realities. In preparing this bill, however, the overriding debate was not on whether NASA should be pursuing technology development and commercialization goals in its aeronautics and space missions. Rather, the debate has centered on whether NASA is capable of carrying out this new mandate successfully.

While others may doubt NASA's ability to change its way of doing business, I am confident that NASA has the potential to contribute meaningfully to the U.S. economy and enhance international economic competitiveness. On October 28, 1993, my subcommittee held a hearing on NASA's relevance to the U.S. economy. Testimony received at this hearing revealed that NASA is striving to change its customary approaches to project planning and management in recognition of the changing times and priorities. An excellent example of NASA's effort to change is in the area of aeronautics technology. Advanced subsonics and high speed research are undertaken in concert with U.S. industry consortia. In these programs, NASA and industry work together to identify technologies which will result in advances for airframe and engine manufacturers. Direct collaboration with industry in these technology development programs has the potential to increase the productivity of existing and yet-to-be-seen aircraft.

The NASA Technology Investment Act of 1994 provides the framework for NASA to change its way of doing business to the rest of the agency. The bill is divided into two titles: Title I provides direction for NASA's role in technology investment. Title II requires the United States to prepare a strategy for developing world class aeronautics testing facilities.

A key provision in this bill amends the National Aeronautics and Space Act of 1958 to provide the agency with direction to conduct aeronautical and space activities so as to contribute materially to the economic growth, competitiveness, and productivity of the Nation.

Certainly not every activity that NASA undertakes has the potential to result in new technology and commercial success. However, to increase the likelihood of reaching these goals, the agency must begin searching aggressively for opportunities within its current and planned research and technology programs. Another key provisions in the bill establishes technology development and commercialization goals that include requirements to measure and evaluate the results of NASA's efforts.

For fiscal year 1994, NASA was appropriated $20 million to fund a new industry technology program. In NASA's fiscal year 1995 budget, another $18.9 million is requested. The bill specifically addresses this appropriation and budget request and requires NASA to establish a competitive, cost-sharing technology program for eligible firms. Consistent with existing Federal investment policy, this technology program is intended to encourage industry-led consortia to develop genetic and precompetitive technologies in short-term projects. Under this provision, NASA provides no more than half of the project's funding. As we have learned from past experience, cost-sharing with industry better ensures the success of Federal investment in these technology projects.

Aerospace exports each year have contributed significantly to the U.S. trade position, offsetting deficits in other areas. Civil aircraft continues to account for almost all of the aerospace export volume. However, the dominance of U.S. aircraft in global markets is threatened by the aggressive investment of foreign countries in their aircraft industry. With so much of our trade balance riding on the U.S. aircraft industry, focused Federal investment in aeronautics research and facilities is essential.

Our aircraft manufacturers today, however, are forced in the untenable position of testing new concepts and designs in foreign wind tunnel testing facilities because the United States has not provided comparable facilities. The fact that our companies test in these foreign wind tunnels may very well result in improvements to foreign aircraft competing directly with U.S. commercial aircraft. Therefore title II of the bill establishes the policy for Federal investment in aeronautics research and facilities and requires a strategy for developing world class aeronautics testing facilities.

In fiscal year 1994, NASA was appropriated $14.5 billion. The President's request for NASA's budget in fiscal year 1995 is $14.3 billion. The Subcommittee on Science, Technology, and Space will hold a hearing tomorrow to examine the NASA budget for fiscal year 1995 and try to understand how reductions in funding will impact ongoing and future aeronautics and space projects. NASA will contend that all the fat has been trimmed and that reducing the budget further will cut into muscle. However, Congress must determine whether the Federal investment of $14.3 billion in NASA will result in commensurate advances of our Nation's priorities.

The NASA Technology Investment Act of 1994 provides direction for NASA to become more relevant to U.S. economy. In doing so, it also requires NASA to implement its aeronautical and space missions more effectively. This bill supports NASA's efforts to change. I encourage my colleagues in the Senate to join me and pass this bill in the coming months.

Mr. President, I ask unanimous consent that the text of the bill and additional material be printed in the RECORD.

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

S. 1881

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Aeronautics and Space Administration Technology Investment Act of 1994".

SEC. 2. FINDINGS.

The Congress finds and declares the following:

(1) Federal investment in research and technology development can enhance the competitiveness of United States industry in global markets.

(2) Industry and government partnerships in the development of technologies increase the effectiveness of Federal investment in the United States economy.

(3) Ongoing defense reductions impact the aerospace industrial base and require greater effort by the National Aeronautics and Space Administration to ensure technological advancements in support of its missions as well as in support of competitiveness.

(4) Increased contribution to the health of the United States economy by the National Aeronautics and Space Administration is important to the long-term support of civilian aeronautics and space activities.

(5) Investments in research and development at the National Aeronautics and Space Administration can be made to enhance the competitiveness of United States industry, as well as to promote development of technologies for government and commercial aeronautics and space missions.

(6) The National Aeronautics and Space Administration directs a large portion of its budget toward the procurement of goods and services for its aeronautical and space missions and can use such procurement to advance technology development in industry and academia.

SEC. 3. TECHNOLOGY INVESTMENT POLICY.

It is the policy of the United States that—

(1) improving the competitive capabilities of United States industry in conjunction with implementing aeronautics and space missions shall be a fundamental goal of the National Aeronautics and Space Administration;

(2) the Administrator of the National Aeronautics and Space Administration (hereinafter referred to as the "Administrator"), in planning for and implementing national programs in aeronautics and space, shall advocate technology development designed to foster competitiveness of United States industry in global markets;

(3) the investment in technology by the National Aeronautics and Space Administration shall be coordinated closely with investment of other Federal agencies, the States, and local governments;

(4) technology investments shall be identified in concert with United States industry; and

(5) the establishment of industry-led consortia shall be encouraged to enhance opportunities for United States industry to develop and advance technologies.

TITLE I—ROLE OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION IN TECHNOLOGY INVESTMENT

SEC. 101. AMENDMENTS TO NATIONAL AERONAUTICS AND SPACE ACT OF 1958.

Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended—

(1) by striking subsection (e) and inserting in lieu thereof the following:

"(e) The aeronautical and space activities of the United States shall be conducted so as to contribute materially to the economic growth, competitiveness, and productivity of the Nation.";

(2) by striking subsection (f) and by redesignating subsection (g) and (h) as subsections (f) and (g), respectively; and

(3) in subsection (g), as to redesignated, by striking "(f), and (g)" and inserting in lieu thereof "and (f)".

SEC. 102. TECHNOLOGY DEVELOPMENT AND COMMERCIALIZATION GOALS.

The Administrator shall ensure that, to the maximum extent practicable, funded and planned aeronautical and space projects of the National Aeronautics and Space Administration—

(1) incorporate a technology plan that fosters technological advances of value to both the mission and the economy and reduces the life cycle costs of such projects;

(2) promote commercial technology applications; and

(3) measure and evaluate technology development and the potential for commercialization.

SEC. 103. TECHNOLOGY INVESTMENT PROGRAM WITH INDUSTRY.

(a) COMPETITION; ELIGIBILITY.—The Administrator shall establish a competitive program under which the Administrator invests in any project proposed by an eligible firm where the Administrator determines that—

(1) the project will—

(A) advance the competitiveness of the United States industry;

(B) advance the technologies required for aeronautical and space missions; and

(C) encourage industry-led consortia to develop those of the technologies described in subparagraph (B) that have been identified as a priority by industry in concert with the Administrator; and

(2) the participation by the eligible firm would be in the economic interest of the United States as evidenced by the conduct of a significant level of its research, development, engineering, or manufacturing activities in the United States.

(b) CRITERIA.—In selecting projects for Federal investment under this section, the Administrator shall weigh and consider—

(1) the extent of funding provided by industry for such project;

(2) each project's potential to advance technologies that enhance the competitiveness of United States industry in global markets;

(3) such project's scientific and technical merit;

(4) the potential of the project to advance mission needs of the National Aeronautics and Space Administration; and

(5) such other criteria as the Administrator considers appropriate to carry out the purposes of this section.

(c) COST-SHARING.—The Administrator shall ensure that the amount of the funds provided by the Federal Government under this section for a project does not exceed the total amount provided by non-Federal participants for that project. Of the amount provided by non-Federal participants, the Administrator shall ensure that not less than 25 percent of total funding for any project for which Federal investment is made available under this section is provided by industry.

(d) FINANCING MECHANISMS.—In funding the projects selected under this section, the Administrator is encouraged to—

(1) use the authority of the National Aeronautics and Space Administration under section 203(c)(5) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473(c)(5)), especially when applied to non-aerospace firms; and

(2) enter into innovative procurement, financing, and management arrangements, consistent with existing statutes.

(e) REGULATIONS.—The Administrator shall issue regulations to implement the technology investment program established under this section. The regulations shall include—

(1) procedures for making application to the Administrator for investment under this section;

(2) guidelines for cost-sharing pursuant to subsection (c); and

(3) procedures to be followed by the Administrator in selecting projects for investment under this section.

(f) COORDINATION WITH FEDERAL AGENCIES.—In carrying out this section, the Administrator shall consult with the Secretaries of Commerce, Defense, Energy, and Transportation and with such other Federal agency heads as the Administrator considers appropriate.

(g) AUTHORIZATION.—There is authorized to be appropriated to the Administrator $20,000,000 for each of the fiscal years 1994 and 1995, for the purpose of carrying out the program established under this section. Sums appropriated under this section shall remain available until expended.

SEC. 104. ROLE OF PROCUREMENT IN TECHNOLOGY INVESTMENT.

The Administrator, in meeting aeronautical and space mission needs, shall coordinate and direct resources of the National Aeronautics and Space Administration in the area of procurement to—

(1) advance state-of-the-art technologies;

(2) assess and procure, where appropriate, commercially available technologies from the marketplace;

(3) use performance specifications; and

(4) reduce the paperwork requirements associated with procurement.

SEC. 105. COORDINATION WITH OTHER FEDERAL PROGRAMS.

(a) TECHNOLOGY PROGRAMS AND TECHNOLOGY TRANSFER PROGRAMS.—To ensure a consistent Federal investment policy and to preclude multiple awards for a single proposal, the Administrator shall ensure that the technology investment activities established under this title are coordinated closely with existing and future—

(1) Federal technology programs such as the Technology Reinvestment Program of the Advanced Research Projects Agency and the Advanced Technology Program of the National Institute of Standards and Technology; and

(2) Federal technology transfer programs and activities established to promote and advocate the use of technologies developed in the Federal laboratories.

(b) IDENTIFICATION OF FUNDING RECEIVED FROM OTHER AGENCIES.—The Administrator shall identify, as part of the annual budget submission to Congress, all funding received by the National Aeronautics and Space Administration from other Federal agencies to manage and carry out technical investment and development.

SEC. 106. INTERAGENCY TECHNOLOGY INITIATIVES.

As part of the National Aeronautics and Space Administration's annual budget submission to Congress, the Administrator shall identify funding requirements, project milestones, and 5-year budget projections, for the portion undertaken by the National Aeronautics and Space Administration of each interagency technology project.

SEC. 107. COORDINATION WITH OTHER NASA PROGRAMS.

(a) SMALL BUSINESS INNOVATIONS RESEARCH.—The Administrator shall coordinate the technology investment activities under this title with the Small Business Innovation Research activities of the National Aeronautics and Space Administration to increase the effectiveness of funding to small businesses, to the maximum extent permitted by law.

(b) INDEPENDENT RESEARCH AND DEVELOPMENT FUNDS.—The Administrator shall identify all funds reimbursed to contractors of the National Aeronautics and Space Administration for activities commonly referred to as "Independent Research and Development" and coordinate such funds with the technology investment activities under this title.

(c) TECHNOLOGY TRANSFER AND COMMERCIAL PROGRAMS.—The Administrator shall coordinate the activities of ongoing and future technology transfer, innovation, and commercial programs of the National Aeronautics and Space Administration with the technology investment activities under this title.

SEC. 108. PERSONNEL INCENTIVES.

To encourage the personnel of the National Aeronautics and Space Administration to pursue technology innovation and development, the Administrator shall provide personnel incentives, including—

(1) promotions and within-grade increases;

(2) bonuses and cash awards under the inventions and contributions system and senior executive service; and

(3) paid leave, sabbaticals, or intergovernmental personnel transfers to other Federal agencies or the private sector to pursue technology innovation and development, as the Administrator deems appropriate.

SEC. 109. ANNUAL REPORT TO CONGRESS.

The Administrator shall assess the technology investment activities established under this title and shall submit a report to Congress on the results of such assessment of activities. The report shall accompany the annual budget submission to Congress.

SEC. 110. APPLICATION OF ANTITRUST LAWS.

Nothing in this title shall be construed to create an immunity from any civil or criminal action under any Federal or State antitrust law, or to alter or restrict in any manner the applicability of any Federal or State antitrust law.

SEC. 111. DEFINITIONS.

For the purposes of this title, the term—

(1) "eligible firm" means a business entity that is either—

(A) a company that has majority ownership or control by individuals who are citizens of the United States; or

(B) a company that is incorporated in the United States and has a parent company which is incorporated in a country whose government—

(i) permits companies described under subparagraph (A) to participate in research and development consortia to which such government provides funding directly, or indirectly through one or more international organizations; and

(ii) affords adequate and effective protection for the intellectual property rights of companies described under subparagraph (A).

(2) "Federal laboratory" has the meaning given such term in section 4(6) or the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).

(3) "United States" means the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other territory or possession of the United States.

TITLE II—NATIONAL AERONAUTICS FACILITIES

SEC. 201. FINDINGS.

The Congress finds and declares the following:

(1) aerospace technologies contribute substantially to the balance of trade and the competitiveness of United States industry;

(2) the international market share of the United States aerospace industry has eroded steadily due to competition from foreign consortia that receive substantial direct subsidies from their governments;

(3) the United States aerospace industry continues to be impacted negatively by the reduced investment in national defense;

(4) the national civil and military aeronautics facilities of the United States are aging and, with few exceptions, cannot be modified to test new technologies in aircraft and engine design; and

(5) inadequate domestic facilities force the United States aerospace industry to use the aeronautics facilities of foreign countries, increasing the likelihood that technologies will be transferred to competing foreign industries.

SEC. 202. POLICY.

It is the policy of the United States that—

(1) Federal investment in domestic aerospace technologies shall be a priority of the United States to safeguard the international market share of the United States aerospace industry;

(2) maintaining world class aeronautics facilities in the United States shall be a major element of Federal investment in aeronautics research and development;

(3) the National Aeronautics and Space Administration shall work closely with industry to identify and address aeronautics technology and facility issues; and

(4) industry and government cost-sharing for facilities construction and use shall be investigated to achieve aeronautics research and technology goals within a constrained Federal budget.

SEC. 203. WORLDWIDE FACILITIES ASSESSMENT.

The President shall conduct an assessment of all aeronautics facilities in the United States and in other countries and report to Congress the results of this assessment not later than January 1, 1995. The assessment shall include—

(1) identification of all existing and planned aeronautics research and development facilities in the United States and in other countries;

(2) analysis of the strengths and weaknesses of each aeronautics facility that impact aeronautical research and technology objectives of the United States Government and domestic industries;

(3) determination of the cost-savings achievable by closing non-essential aeronautics facilities of the National Aeronautics and Space Administration and other Federal agencies; and

(4) determination of the current use and plans for use of foreign aeronautics facilities for research and technology activities of the United States Government and domestic industries.

SEC. 204. AERONAUTICS FACILITIES STRATEGY.

(a) STRATEGY.—The President shall work closely with domestic industries to coordinate, develop, and implement a strategy for Federal investment in aeronautics research and technology and aeronautics facilities. This strategy shall establish—

(1) priorities for Federal investment in aeronautics facilities;

(2) a facilities implementation schedule to meet research and technology project milestones and aerospace industry market requirements;

(3) the projected cost of constructing and operating new facilities; and

(4) options and recommendations to provide funding (including cost-sharing and risk-sharing with industries and among Federal agencies and innovative procurement, financing, or management arrangements) for the construction of new aeronautics facilities and for the operation of new aeronautics facilities.

(b) DEADLINE.—The strategy required by subsection (a), and budget requirements associated with implementing such strategy, shall be submitted to Congress not later than January 1, 1995.

NASA TECHNOLOGY INVESTMENT ACT OF 1994

FACT SHEET

PURPOSE OF THE BILL

The purpose of this bill is to strengthen the link between NASA's aeronautical and space programs and economic growth and jobs for Americans. The bill requires NASA to change the way it does business by establishing dual-use goals of improving the competitive capabilities of U.S. industry in conjunction with implementing its aeronautics and space missions.

NEED FOR THE BILL

At the onset of the cold war, NASA was created to ensure preeminence in aeronautics and space. Today, continued Federal investment in NASA's aeronautical and space programs requires greater focus on national economic priorities. This bill establishes a fundamental goal for NASA to become more relevant to the U.S. economy.

NO ADDITIONAL FUNDING REQUIRED

The bill requires NASA to pursue its funded programs more closely with U.S. industry, thereby developing technologies of greater utility to industry. No additional funding is required beyond the fiscal year 1994 appropriation or fiscal year 1995 budget request for the establishment of the industry-led technology program in section 103 (see below).

KEY PROVISIONS

The bill is divided into two titles: Title I provides direction for NASA's role in technology investment. Title II requires the United States to prepare a strategy for developing world class aeronautics testing.●

● Mr. BURNS. Mr. President, I rise today to join the chairman of the Subcommittee on Science, Technology, and Space, my good friend from West Virginia, to introduce the National Aeronautics and Space Administration

Technology Investment Act of 1994. As Senator ROCKEFELLER explained, this bill is designed to encourage the National Aeronautics and Space Administration [NASA] to strengthen the link between their programs and economic growth and jobs for Americans, and in my case, Montanans.

This bill provides a framework for NASA to move in the direction of a more businesslike approach with the aerospace space industry. The bill does two basic things: Gives NASA a direction for its role in technology investment and requires the United States to prepare a strategy for developing world class aeronautics testing facilities.

It is important to support our aerospace industry because of its key role in offsetting deficits in U.S. trade with other countries. One of the areas the industry lacks is adequate facilities to test new concepts.

My work with a company in Butte, MT, revealed to me that the United States does not have adequate wind tunnels and must rely on foreign wind tunnels for our Nation's future high-speed civil transport testing. Our aerospace companies' reliance on these foreign wind tunnels could result in advances to other countries' aircraft competing directly with United States commercial aircraft.

This bill specifically addresses appropriations for fiscal year 1994 and 1995 to establish a competitive, cost-sharing technology program for eligible companies. It is designed to work with existing Federal policy to encourage industry—led groups to develop new technologies on a more efficient basis.

I commend Senator ROCKEFELLER for his work on this legislation. I look forward to working with him on this legislation and as we hold a hearing tomorrow on the NASA reauthorization bill.●

By Mr. METZENBAUM (for himself, Mr. KENNEDY, Mr. BRADLEY, Mr. LAUTENBERG, Mrs. BOXER, Mr. PELL, and Mr. CHAFEE):

S. 1882. A bill to amend title 18, United States Code, to promote the safe use of guns and to reduce gun violence; to the Committee on the Judiciary.

GUN VIOLENCE PREVENTION ACT OF 1994

Mr. METZENBAUM. Mr. President, on behalf of myself and Senators KENNEDY, BRADLEY, LAUTENBERG, BOXER, PELL, and CHAFEE, I would like to introduce the Gun Violence Prevention Act of 1994.

I am proud to do so at this very historic time that the Brady bill becomes the law of the land. It is the cornerstone of effective firearm regulation and will prevent many felons from getting guns from dealers. It will save many lives. We can thank Sarah and Jim Brady for that.

The Brady Act is a great start but it is obvious that we need to do more in order to attack the appalling epidemic of gun violence in this country.

Let's face the fact—there is a gun crisis in this country. There are over 200 million guns in America. An American is killed by a gun every 14 minutes. Every 50 seconds, someone is raped, robbed, or assaulted with a handgun.

And we are all paying the price. Our children are paying the price. Foreign tourists are paying the price. Shopkeepers are paying the price. Innocent bystanders are paying the price. We are all victims.

Since 1968, more than 300,000 Americans have been murdered by guns. In 1992, more than 35,000 people were killed by gunfire. Today, only cars cause more fatal injuries than guns, and guns are expected to take the lead very soon. And we cannot even begin to count the number of nonfatal injuries from guns.

From 1987 to 1992, the rate of murders committed with handguns increased 52 percent, while the murder rate committed with all weapons other than handguns has actually declined. In 1990, 10 people were killed in Australia by handguns, 22 in Great Britain, and 68 in Canada. In the United States, that figure was 10,567. Handgun homicides have now reached 13,000 a year.

Homicide has replaced aids as the 10th leading cause of death in America, and its the 2d leading killer of those between the ages of 15 and 24.

Aside from the toll on human lives, the economic costs from gun violence are staggering. A 1989 study by the Centers for Disease Control and Prevention estimated the lifetime economic cost of gun violence in 1985 at $14.4 billion. And that was 1985.

And what kind of country are we creating for our children? What can we say when our children are afraid to go to school. When we are afraid to let them go outside to play.

Gun violence takes the life of a child every 2 hours—that's a classroom-full every 2 days. Murder is now the 3d leading cause of death for elementary and middle school children—ages 5 to 14. Between 1979 and 1991, nearly 50,000 children were killed by guns—that's the same number of American battle casualties in the Vietnam war. The number of 10- to 17-year-olds who used guns to commit murder skyrocketed 79 percent during the 1980's. Given current trends, more than half the persons arrested for homicide will soon be under the age of 21. This is supposed to be the land of the free, not a combat zone. This is madness! Enough!

We cannot allow our neighborhoods to be turned into battlefields and our schools be turned into prisons. It's time we fought back. We started that fight with the Brady Act. Now it's time to continue that fight.

Today, I am introducing legislation to begin the debate on the next generation of protections against gun violence. I am happy to have with me as original cosponsors of the Gun Violence Prevention Act of 1994 Senators KENNEDY, BRADLEY, LAUTENBERG, BOXER, PELL, and CHAFEE.

This bill is designed to build upon the foundations of the Brady Act that takes effect today. It is a comprehensive approach giving law enforcement more tools to keep guns out of the hands of criminals. We are not trying to take any gun away from anyone. This is a set of prospective requirements only—the next generation of progress toward curbing gun violence.

This legislation will make the Brady Act more effective. For example, a primary feature of the new bill is the licensing and registration of handgun transfers. In order to get a handgun, an individual would have to have a valid State handgun license. To sell a handgun, the seller would have to register the transfer with the State police. This is an idea that Senator KENNEDY has had since 1971 when he introduced a bill calling for licensing and registration. President Clinton has asked Attorney General Reno to look into this idea.

Licensing is a barrier to gun crime. It involves a thorough background check, including fingerprint I.D. and residency verification. These are necessary in order to stop felons from acquiring guns through the use of false identification and to stop gunrunners from going interstate to take advantage of weaker gun laws in other States.

Licensing also allows States to design a handgun safety training course for all handgun purchasers. Finally, licensing makes it possible to regulate secondary transfers of guns.

In this country, we require a license and registration in order to operate a car. We should require at least as much to own a handgun as to drive a car.

The handgun license would be similar to a driver's license. It would be issued by the State and consist of an identification card with a photograph. Licensing would apply only to the Purchase of a new gun. Anyone who already owns a handgun would not have to do anything, unless they want to transfer it. The transfer of a gun would have to be registered.

Registration allows for speedier and more reliable tracing of guns used in crime. Without registration of secondary transfers, the investigative trail often leads to a dead end after the primary sale by a dealer.

In addition to handgun licensing and registration, this bill would:

Restrict firearm possession by persons convicted of violent crimes. People prone to violence should not have guns.

Restrict firearm possession by juveniles.

Require the proper storage of guns away from Juveniles.

Require licensing of private firearm arsenals—20 guns, 1,000 rounds. This is necessary to prevent people like David Koresh from acquiring large arsenals without the knowledge of law enforcement.

Limit handgun purchases to one per month. Who needs 10, 20, or 50 guns beside gunrunners?

Tighten the regulation and screening of gun dealers, including raising the license fee. This is necessary to weed out illegitimate dealers.

Compensate the victims of gun violence by making people pay for the injuries they cause by violating the firearm laws.

Prohibit certain weapons that pose a special danger to society, such as semiautomatic assault weapons, Saturday night specials, explosive ammunition, and large-capacity magazines.

Require manufacturers to add safety devices to guns. This would cut down on accidental shootings, especially by young children.

While the Brady Act will save lives, this comprehensive legislation is necessary to offer a solution to America's epidemic of gun violence. I urge my colleagues to join me and the other original cosponsors in supporting this measure.

Mr. President, I ask unanimous consent that the text of the bill and additional material be printed in the RECORD.

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

S. 1882

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Gun Violence Prevention Act of 1994".

SEC. 2. FINDINGS AND DECLARATIONS.

The Congress finds and declares that—

(1) crime, particularly crime involving guns, is a pervasive, nationwide problem;

(2) crimes committed with guns threaten the peace and domestic tranquility of the citizens of the United States and threaten the security and general welfare of the Nation and its people;

(3) crimes committed with guns, and especially handguns, have created a substantial burden on interstate commerce;

(4) crime at the local level is exacerbated by the interstate movement of guns;

(5) guns and ammunition are easily concealed and transported across State lines in interstate commerce, and as a result, individual State action to regulate them is made less than effective by lax regulation in other States;

(6) in fact, even before the sale of a firearm, the gun, its component parts, ammunition, and the raw materials from which they are made have moved considerably in interstate commerce;

(7) while criminals move freely from State to State, ordinary citizens and foreign visitors may fear to travel to or through certain parts of the country due to concern about violent crime and gun violence, and parents may decline to send their children to school for the same reason;

(8) the occurrence of gun violence in schools has resulted in a decline in the quality of education in our country and this, in turn, has an adverse impact on interstate commerce and the foreign commerce of the United States;

(9) States and localities are finding innovative methods, such as gun exchange programs, of reducing the number of guns in their communities, but need additional Federal Government support;

(10) States and localities find it almost impossible to handle gun-related crime by themselves due in part to the failure or inability of other States or localities to take strong measures; and

(11) accordingly, it is necessary to establish national standards to promote the safe use of firearms and to reduce gun violence, including handgun licensing and registration, expanded prohibitions against firearm transfers to, or possession by, children and persons likely to misuse or commit crimes with firearms, requirements for gun safety and safe storage, strengthened regulation of licensed manufacturers, importers, and dealers, and prohibitions on the sale of semiautomatic assault weapons and other dangerous weapons.

TITLE I—HANDGUN LICENSING AND REGISTRATION

SEC. 101. STATE LICENSE REQUIRED TO RECEIVE TRANSFER OF A HANDGUN.

(a) IN GENERAL.—Section 922 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(u)(1) It shall be unlawful for any person to sell, deliver, or otherwise transfer a handgun to an individual (including an individual taking possession of a handgun as employee or agent of another person) who is not licensed under section 923 unless—

"(A) the transferor (or a licensed dealer, if State law so directs or allows) has verified that the transferee possesses a valid State handgun license by—

"(i) examining the State handgun license;

"(ii) examining, in addition to the State handgun license, a valid identification document (as defined in section 1028) containing a photograph of the transferee; and

"(iii) contacting the chief law enforcement officer of the State that issued the State handgun license to confirm that the State handgun license has not been revoked;

"(B) the transferor (or licensed dealer) has provided to the chief law enforcement officer of the State in which the transfer is to take place a State handgun registration form for the handgun to be transferred; and

"(C)(i) not less than 7 days have elapsed from the date on which the transferor (or licensed dealer) contacted the chief law enforcement officer of the State pursuant to subparagraph (A)(iii); or

"(ii) the transferee has presented to the transferor (or licensed dealer) a written statement, issued by the chief law enforcement officer of the State in which the transferee resides within the previous 10 days, stating that the transferee requires access to a handgun because of a threat to the life of the transferee or any member of the household of the transferee.

"(2) It shall be unlawful for any person to sell, deliver, or otherwise transfer handgun ammunition to an individual (including an individual taking possession of handgun ammunition as employee or agent of another person) who is not licensed under section 923 unless the transferor (or licensed dealer) has verified that the transferee possesses a valid State handgun license by—

"(A) examining the State handgun license; and

"(B) examining, in addition to the State handgun license, a valid identification document (as defined in section 1028) containing a photograph of the transferee.

"(3) It shall be unlawful for any individual (including an individual acting as employee or agent of another person) who is not licensed under section 923 to receive transfer of a handgun or handgun ammunition unless the individual possesses a valid State handgun license.

"(4)(A) As used in this subsection, the term 'State handgun license' means a license issued under a State law that provides for the issuance and revocation of licenses and the reporting of losses and thefts of handguns and handgun ammunition consistent with this paragraph.

"(B) A State handgun license shall—

"(i) be issued by the chief law enforcement officer of the State in which the licensee resides;

"(ii) contain, at a minimum, the licensee's name, address, date of birth, physical description, a unique license number and a photograph of the licensee; and

"(iii) remain valid for a period of not more than 2 years, unless revoked.

"(C) A State handgun license shall not be issued unless the chief law enforcement officer of the State determines that the applicant—

"(i) is at least 21 years of age;

"(ii) is a resident of the State, by examining, at a minimum, documentation in addition to a valid identification document (as defined in section 1028), such as a utility bill or lease agreement;

"(iii) is not prohibited from possessing or receiving a handgun under Federal, State, or local law, based upon name- and fingerprint-based research in all available Federal, State, and local recordkeeping systems, including the national system designated by the Attorney General pursuant to the Brady Handgun Violence Prevention Act; and

"(iv) has been issued a State handgun safety certificate.

"(D) The chief law enforcement officer of the State may be authorized to charge a fee for issuance of a State handgun license.

"(E) If a chief law enforcement officer of the State determines that an individual is ineligible to receive a State handgun license and the individual in writing requests the officer to provide the reasons for that determination, the officer shall provide the reasons to the individual in writing within 20 business days after receipt of the request.

"(F)(i) A State handgun license shall be revoked if the chief law enforcement officer of the State that issued the license determines that the applicant no longer satisfies 1 of the qualifications described in subparagraph (C).

"(ii) A person possessing a State handgun license that is revoked shall return the license to the chief law enforcement officer of the State in which the licensee resides within 10 days after receipt of notice of the revocation.

"(G) The applicant shall be required under State law to report the theft or loss of a firearm within 24 hours after the theft or loss is discovered, to—

"(i) the Secretary;

"(ii) the chief law enforcement officer of the State; and

"(iii) appropriate local authorities,

failure to report to be punishable by a civil penalty of $1,000 or such greater amount as State law may provide.

"(5)(A) As used in this subsection, the term 'State handgun registration form' means a form prescribed under State law consistent with this paragraph.

"(B) A State handgun registration form shall contain, at a minimum—

"(i) information identifying the transferee, including name, address, date of birth, and State handgun license number; and

"(ii) information identifying the handgun, including make, model, caliber, and serial number.

"(C) The chief law enforcement officer of the State shall furnish information from handgun registration forms to Federal, State, and local law enforcement authorities upon request.

"(D) The chief law enforcement officer of the State may be authorized to charge a fee for registering a handgun.

"(6)(A) As used in this subsection, the term 'State handgun safety certificate' means a certificate under a State law that provides for the issuance of certificates in accordance with this paragraph.

"(B) A State handgun safety certificate shall be issued by the chief law enforcement officer of the State in which the applicant resides.

"(C) A State handgun safety certificate shall not be issued unless the chief law enforcement officer of the State determines that the applicant—

"(i) has completed a course, taught by law enforcement officers and designed by the chief law enforcement officer of the State, of not less than 2 hours of instruction in handgun safety; and

"(ii) has passed an examination, designed by the chief law enforcement officer of the State, testing the applicant's knowledge of handgun safety.

"(D) The chief law enforcement officer of the State may be authorized to charge a fee for the handgun safety course and examination described in subparagraph (C).

"(7) As used in this subsection, the term 'chief law enforcement officer of the State' means the chief, or equivalent officer, of the State police force, or the designee of that officer.".

(b) DEFINITION OF HANDGUN AMMUNITION.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following new paragraph:

"(30) The term 'handgun ammunition' means—

"(A) a centerfire cartridge or cartridge case less than 1.3 inches in length; or

"(B) a primer, bullet, or propellent powder designed specifically for use in a handgun.".

(c) PENALTY.—Section 924(a)(1)(B) of title 18, United States Code, is amended by striking "or (q)" and inserting "(q), or (u)".

(d) EFFECTIVE DATE.—The amendments made by this title shall become effective on the date that is 180 days after the date of enactment of this Act.

(e) AMENDMENT OF BRADY ACT.—

(1) INTERIM PROVISION.—Section 922(s)(1) of title 18, United States Code, is amended by adding "or on the effective date of subsection (u), whichever occurs earlier," after "60 months after such date of enactment,".

(2) PERMANENT PROVISION.—Section 922(t) of title 18, United States Code, is amended by striking "firearm" each place it appears and inserting "firearm other than a handgun or ammunition other than handgun ammunition".

(3) TECHNICAL CORRECTION.—Section 922(t)(1)(B)(ii) of title 18, United States Code, is amended by inserting "or State law" after "section".

(f) FUNDING.—

(1) GRANTS FOR ESTABLISHING SYSTEMS OF LICENSING AND REGISTRATION.—The Attorney General shall, subject to the availability of appropriations, make a grant to each State (as defined in section 921(a)(2) of title 18, United States Code) to be used for the initial startup costs associated with establishing a system of licensing and registration consistent with the requirements of section 922(u) of title 18, United States Code.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants under paragraph (1) a total of $200,000,000 for fiscal year 1995 and all fiscal years thereafter.

TITLE II—RESTRICTIONS ON FIREARM POSSESSION

SEC. 201. PROHIBITION OF TRANSFER OF A FIREARM TO, OR POSSESSION OF A FIREARM BY, A PERSON CONVICTED OF A VIOLENT CRIME OR SUBJECT TO A PROTECTION ORDER.

(a) PROHIBITION OF TRANSFER.—Section 922(d) of title 18, United States Code, is amended—

(1) by striking "or" at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and by inserting "; or"; and

(3) by inserting after paragraph (7) the following new paragraph:

"(8)(A) is under indictment for, or has been convicted in any court of, an offense that—

"(i) involves the use, attempted use, or threatened use of physical force against another person; or

"(ii) by its nature involves a substantial risk that physical force against another person may be used in the course of committing the offense; or

"(B) is required, pursuant to an order issued by a court in a case involving the use, attempted use, or threatened use of physical force against another person, to refrain from contact with or maintain a minimum distance from that person.".

(b) PROHIBITION OF POSSESSION.—Section 922(g) of title 18, United States Code, is amended—

(1) by striking "or" at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and by inserting "; or"; and

(3) by inserting after paragraph (7) the following new paragraph:

"(8)(A) has been convicted in any court of an offense that—

"(i) involves the use, attempted use, or threatened use of physical force against another person; or

"(ii) by its nature involves a substantial risk that physical force against another person may be used in the course of committing the offense; or

"(B) is required, pursuant to an order issued by a court in a case involving the use, attempted use, or threatened use of physical force against another person, to refrain from contact with or maintain a minimum distance from that person.".

SEC. 202. PROHIBITION OF TRANSFER OF A FIREARM OR AMMUNITION TO, OR POSSESSION OF A FIREARM OR AMMUNITION BY, A JUVENILE.

(a) OFFENSE.—Section 922 of title 18, United States Code, as amended by section 101(a), is amended by adding at the end the following new subsection:

"(v)(1) It shall be unlawful for a person to sell, deliver, or otherwise transfer—

"(A) a handgun or handgun ammunition to any individual who the person knows or reasonably should know is less than 21 years of age; or

"(B) a firearm other than a handgun, or ammunition other than handgun ammunition, to any individual who the person knows or reasonably should know is less than 16 years of age.

"(2) It shall be unlawful for any person to knowingly possess and intentionally control—

"(A) a handgun or handgun ammunition if the person is less than 21 years of age; or

"(B) a firearm other than a handgun, or ammunition other than handgun ammunition, if the person is less than 16 years of age.

"(3) This subsection does not apply to—

"(A) a temporary transfer or temporary possession of a firearm or ammunition if the firearm or ammunition is possessed and used by the person who is underage—

"(i) with the personal supervision and consent of a person who is at least 21 years of age who is not prohibited by Federal, State, or local law from possessing a firearm;

"(ii) with the consent of the underage person's parent or legal guardian; and

"(iii) in accordance with State and local law;

"(B) an underage person who is a member of the Armed Forces of the United States or the National Guard who possesses or is armed with a firearm or ammunition in the line of duty;

"(C) a transfer by inheritance of title of a firearm or ammunition to an underage person, except that subsection (v)(2) shall apply to the possession by an underage person as a result of such a transfer; or

"(D) the transfer to, or possession by, an underage person of a firearm or ammunition while defending himself or herself or other persons against an intruder into the residence of the underage person or a residence in which the underage person is an invited guest.".

(b) PENALTIES.—Section 924(a) of title 18, United States Code, is amended by adding at the end the following new paragraph:

"(6) A person who violates section 922(v) shall be fined not more than $1,000, imprisoned not more than 1 year, or both, except that a person under the age of 18 who violates section 922(v)(2) for the first time shall be sentenced to probation on appropriate conditions and shall not be incarcerated unless the person fails to comply with a condition of probation.".

SEC. 203. STORAGE OF FIREARMS AWAY FROM JUVENILES.

(a) OFFENSE.—Section 922 of title 18, United States Code, as amended by section 202(a), is amended by adding at the end the following new subsection:

"(w)(1) Except as provided in paragraph (2), it shall be unlawful for any person to store or leave a loaded firearm, or an unloaded firearm and ammunition that can be fired by that firearm, at any place to which the person knows, or reasonably should know, a juvenile is likely to gain access at a time when the juvenile is not under the personal supervision of an adult who is not prohibited by Federal, State, or local law from possessing the firearm.

"(2) As used in this subsection—

"(A) the term 'juvenile' means a person who has not attained 16 years of age; and

"(B) the term 'adult' means a person who has attained 21 years of age.".

(b) NOTICE.—Section 923 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(l) Each licensed dealer shall post conspicuously at each of the dealer's places of business the following warning in block letters that are not less than 1 inch in height:

"IT IS A FEDERAL CRIME TO STORE OR LEAVE A LOADED FIREARM, OR AN UNLOADED FIREARM AND ITS AMMUNITION, WHERE AN UNSUPERVISED JUVENILE CAN GAIN ACCESS.".

(c) PENALTY.—Section 924(a)(5) of title 18, United States Code, is amended by striking "or (t)" and inserting "(t), or (w)".

SEC. 204. FEDERAL ARSENAL LICENSE.

(a) OFFENSE.—Section 922 of title 18, United States Code, as amended by section 203(a), is amended by adding at the end the following new subsection:

"(x) It shall be unlawful for a person to possess more than 20 firearms or more than 1,000 rounds of ammunition unless the person—

"(1) is a licensed importer, licensed manufacturer, or licensed dealer; or

"(2) has been issued an arsenal license pursuant to section 923(m).".

(b) ARSENAL LICENSE.—Section 923 of title 18, United States Code, as amended by section 203(b), is amended by adding at the end the following new subsection:

"(m)(1) The Secretary shall issue an arsenal license if—

"(A) the applicant has—

"(i) filed a sworn application with the Secretary, stating—

"(I) the applicant's name, address, and date of birth;

"(II) that the applicant is at least 21 years of age; and

"(III) that the applicant is not prohibited from possessing or receiving a firearm under Federal, State, or local law;

"(ii) filed with the Secretary a certificate, dated within the previous 60 days, from the chief law enforcement officer of the applicant's State of residence, stating that the applicant has not exhibited such a propensity for violence, instability, or disregard of the law as may render the applicant's possession of an arsenal a danger to the community; and

"(iii) paid an arsenal license fee of $300 for a 3-year license period; and

"(B) the Secretary has determined that the information in the application is accurate, based in part upon name- and fingerprint-based research in all available Federal, State, and local recordkeeping systems.

"(2) The holder of an arsenal license shall be subject to all obligations and requirements pertaining to licensed dealers under this chapter.".

(c) PENALTY.—Section 924(a)(5) of title 18, United States Code, as amended by section 203(c), is amended by striking "or (w)" and inserting "(w), or (x)".

(d) EFFECTIVE DATE.—The amendments made by section shall become effective on the date that is 180 days after the date of enactment of this Act.

SEC. 205. RESTORATION OF FIREARM PRIVILEGES.

(a) RESTORATION BY SECRETARY.—

(1) REPEAL OF AUTHORITY.—Section 925 of title 18, United States Code, is amended—

(A) by striking subsection (c); and

(B) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(2) TECHNICAL AMENDMENTS.—(A) Section 922(d) of title 18, United States Code, is amended in the matter following paragraph (7) by striking ", or to a person who has been granted relief from disabilities pursuant to subsection (c) of section 925 of this chapter".

(B) Section 38(b)(1)(B)(i) of the Arms Export Control Act (22 U.S.C. 2778(b)(1)(B)(i)) is amended by striking "925(e)" and inserting "925(d)".

(b) RESTORATION BY A STATE OR THE PRESIDENT.—Section 921(a)(20) of title 18, United States Code, is amended—

(1) in the first sentence—

(A) by inserting "(A)" after "(20)"; and

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(2) in the second sentence by striking "What" and inserting the following:

"(B) What"; and

(3) by striking the third sentence and inserting the following new subparagraph:

"(C)(i) A conviction that has been expunged or set aside, or for which a person has been pardoned or has had civil rights restored, shall not be considered to be a conviction for purposes of this chapter if—

"(I) the expungement, setting aside, pardon, or restoration of civil rights applies to a named person; and

"(II) the authority that grants the expungement, setting aside, pardon, or restoration of civil rights expressly authorizes the person to ship, transport, receive, and possess firearms and expressly determines that the circumstances regarding the conviction and the person's record and reputation are such that the person is not likely to act in a manner that is dangerous to public safety and the granting of the relief is not contrary to the public interest.

"(ii) Clause (i) shall not apply to a conviction of a serious drug offense (as defined in section 924(e)(2)(A)) or violent felony (as defined in section 924(e)(2)(B)).".

TITLE III—RESTRICTIONS ON GUN SELLERS

SEC. 301. PROHIBITION ON MULTIPLE HANDGUN TRANSFERS.

(a) IN GENERAL.—Section 922 of title 18, United States Code, as amended by section 204(a), is amended by adding at the end the following new subsection:

"(y)(1) Except as provided in paragraph (2), it shall be unlawful for any person to—

"(A) receive transfer of more than 1 handgun during any 30-day period;

"(B) transfer to another person more than 1 handgun during any 30-day period; or

"(C) transfer a handgun to another person if the transferor knows or reasonably should know that such person has received transfer of another handgun during the previous 30-day period.

"(2) Paragraph (1) shall not apply to—

"(A) a transfer of a handgun to a person who is licensed under section 923;

"(B) a transfer of a handgun by inheritance;

"(C) a transfer of a handgun if another handgun is given by the transferee to the transferor in exchange; or

"(D) a transfer of a handgun that has been approved by the chief law enforcement officer of the State of residence of the transferee in accordance with regulations issued by the Secretary under subsection (b).

"(3) As used in this subsection, the term 'chief law enforcement officer of the State' has the meaning stated in section 922(u)(7) of title 18, United States Code.".

(b) REGULATIONS.—Not later than 60 days after the date of enactment of this Act, the Secretary shall prescribe regulations that—

(1) provide procedures for a chief law enforcement officer to approve the transfer of more than 1 handgun during a 30-day period if—

(A) the transferee is a private security company licensed to do business in the State where the transfer takes place; or

(B) the transferee is replacing a handgun that had been received and then stolen within the 30-day period; and

(2) require a person who is licensed under section 923, before transferring a handgun, to receive a sworn statement from the transferee that the transferee has not received transfer of another handgun during the prior 30-day period.

(c) MAINTENANCE OF RECORDS.—Section 923(g)(3)(B) of title 18, United States Code, is amended by striking all of the paragraph after "entity" and by inserting "other than Federal, State, or local law enforcement authorities.".

(d) PENALTY.—Section 924(a)(1)(B) of title 18, United States Code, as amended by section 101(c), is amended by striking "or (u)" and inserting "(u), or (y)".

(e) EFFECTIVE DATE.—Subsections (a) and (d) shall become effective on the date that is 30 days after the effective date of the regulations prescribed under subsection (b).

SEC. 302. COMPLIANCE WITH STATE AND LOCAL LAW AS CONDITION TO LICENSE.

Section 923(d)(1) of title 18, United States Code, is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(F)(i) the business to be conducted under the license is not prohibited by State or local law in the place where the business premise is located; and

"(ii) the applicant certifies that—

"(I) the business to be conducted under the license complies with the requirements of State and local law applicable to the conduct of the business; and

"(II) the applicant has notified local authorities, in a manner determined by the Secretary, of the filing of the application.".

SEC. 303. LICENSE APPLICATION FEES.

Section 923(a) of title 18, United States Code, is amended—

(1) in paragraph (1)(A) by striking "$1,000" and inserting "$10,000";

(2) in paragraph (1)(B) by striking "$50" and inserting "$1,000";

(3) in paragraph (1)(C) by striking "$10" and inserting "$1,000";

(4) in paragraph (2)(A) by striking "$1,000" and inserting "$10,000";

(5) in paragraph (2)(B) by striking "$50" and inserting "$1,000";

(6) in paragraph (3)(A) by striking "$1,000" and inserting "$10,000"; and

(7) in paragraph (3)(B) by striking "$200 for 3 years, except that the fee for renewal of a valid license shall be $90 for 3 years" and inserting "$1,000 per year".

SEC. 304. ACTION ON FIREARMS LICENSE APPLICATION.

Section 923(d)(2) of title 18, United States Code, is amended by striking "forty-five-day" and inserting "180-day".

SEC. 305. INSPECTION OF FIREARMS LICENSEES' INVENTORY AND RECORDS.

Section 923(g)(1)(B)(ii) of title 18, United States Code, is amended by striking "once during any twelve-month period" and inserting "3 times during any 12-month period, or at any time with respect to records relating to a firearm involved in a criminal investigation".

SEC. 306. REQUIREMENT OF BUSINESS LIABILITY INSURANCE.

Section 923(d)(1) of title 18, United States Code, as amended by section 302, is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(G) the applicant certifies that the business is covered by an insurance policy providing personal injury protection to any person injured, while engaged in lawful activity, by a handgun obtained through the negligence of the applicant, to a limit of $100,000 for loss sustained by any such person as a result of bodily injury or death.".

SEC. 307. LICENSE FOR AMMUNITION DEALERS.

Chapter 44 of title 18, United States Code, is amended—

(1) in section 922(a)(1)(B)—

(A) by striking "or licensed manufacturer" and inserting ", licensed manufacturer, or licensed dealer"; and

(B) by striking "or manufacturing" and inserting ", manufacturing, or dealing";

(2) in section 922(a)(2) by inserting "or ammunition" after "any firearm";

(3) in section 922(a)(3) by inserting "or ammunition" after "firearm" each place it appears;

(4) in section 922(a)(5) by inserting "or ammunition" after "firearm" each place it appears;

(5) in section 922(b)(2) by inserting "or ammunition" after "firearm" each place it appears;

(6) in section 922(b)(3) by inserting "or ammunition" after "firearm" each place it appears;

(7) in section 922(b)(5) by striking "armor-piercing";

(8) in section 923(a) by striking ", or importing or manufacturing" and inserting "or";

(9) in section 923(g)(1)(A)—

(A) by inserting "or ammunition" after "firearms" the first place it appears;

(B) by striking "firearms" the second place it appears; and

(C) by striking "licensed collector, or any licensed importer or manufacturer of ammunition" and inserting "or licensed collector"; and

(10) in section 923(g)(2)—

(A) by inserting "or ammunition" after "firearms"; and

(B) by inserting "or ammunition" after "firearm".

SEC. 308. CHECK OF FIREARM STORE EMPLOYEES.

(a) PROHIBITION.—Section 923 of title 18, United States Code, as amended by section 204(b), is amended by adding at the end the following new subsection:

"(n) A licensed importer, licensed manufacturer, or licensed dealer shall not employ any person in a position in which the person would have unsupervised access to firearms or ammunition unless—

"(1) in the case of access to handguns or handgun ammunition, the person has a valid State handgun license; and

"(2) in the case of access to firearms other than handguns or ammunition other than handgun ammunition—

"(A) the person is at least 18 years of age;

"(B) the licensee has contacted the national system designated by the Attorney General pursuant to the Brady Handgun Violence Prevention Act and the system has notified the licensee that the possession of a firearm by the person would not violate Federal, State, or local law; and

"(C) the licensee has verified the identity of the person by examining a valid identification document (as defined in section 1028) of the person containing a photograph of the person.".

(b) PENALTY.—Section 924(a)(1)(B) of title 18, United States Code, as amended by section 301(d), is amended by striking "or (y) of section 922" and inserting "or (y) of section 922, or section 923".

SEC. 309. PROHIBITION OF SALES BY LICENSEES OTHER THAN ON LICENSED PREMISES.

Section 923(j) of title 18, United States Code, is amended to read as follows:

"(j) A licensed importer, licensed manufacturer, or licensed dealer shall not sell, deliver, or otherwise transfer a firearm from any motorized or towed vehicle or at a location other than the location specified on the license.".

SEC. 310. RESPONSES TO REQUESTS FOR INFORMATION.

Section 923(g) of title 18, United States Code, is amended by adding at the end the following new paragraph:

"(6) Each licensee shall respond immediately to a request by the Secretary for information contained in the records required to be kept by this chapter as may be required in the conduct of a criminal investigation. The requested information shall be provided orally or in writing, as the Secretary may require.".

SEC. 311. REPORTS OF THEFT OR LOSS OF FIREARMS.

Section 923(g) of title 18, United States Code, as amended by section 310, is amended by adding at the end the following new paragraph:

"(7) Each licensee shall report the theft or loss of a firearm from the licensee's inventory or collection, within 24 hours after the theft or loss is discovered, to the Secretary, the chief law enforcement officer of the State (as defined in section 922(u)(7)), and appropriate local authorities.".

SEC. 312. DEFINITION OF FIREARM EXPANDED TO INCLUDE COMPONENT PARTS.

Section 921(a)(3)(B) of title 18, United States Code, is amended by striking "or receiver" and inserting ", receiver, barrel, stock, ammunition magazine, or any part of the action".

SEC. 313. COMMON CARRIER DELIVERY TO LICENSEES.

Section 922(f)(2) of title 18, United States Code, is amended to read as follows:

"(2) It shall be unlawful for any common or contract carrier to deliver in interstate or foreign commerce any firearm or ammunition without—

"(A) examining the Federal firearms or ammunition license of the recipient; and

"(B) obtaining written acknowledgement of receipt from the recipient of the package or other container in which there is a firearm or ammunition.".

SEC. 314. CIVIL LIABILITY FOR VIOLATION OF FIREARM LAW.

Section 924 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(i)(1) Any person who sells, delivers, or otherwise transfers any firearm or ammunition in violation of Federal law shall be liable for all damages proximately caused by such sale, delivery, or other transfer.

"(2) An action to recover damages under paragraph (1) may be brought in a United States district court by, or on behalf of, any person, or the estate of any person, who suffers bodily injury or death as a result of the discharge of a firearm or ammunition sold, delivered, or transferred in violation of Federal law. Prevailing plaintiffs in such actions shall be awarded costs and reasonable attorneys' fees. Punitive damages shall be recoverable by the plaintiff if the defendant is found to have intentionally or recklessly violated the law.

"(3) No action under paragraph (2) may be brought by or on behalf of a person who was engaged in a criminal act against the person or property of another person at the time of the injury.

"(4) Nothing in this section shall be construed to preempt or otherwise limit any other cause of action available to any person.".

TITLE IV—PROHIBITED WEAPONS

SEC. 401. PROHIBITED WEAPONS.

(a) PROHIBITION.—Section 922 of title 18, United States Code, as amended by section 301(a), is amended by adding at the end the following new subsection:

"(z)(1) Except as provided in paragraph (2), it shall be unlawful for any person to manufacture, transfer, or possess a prohibited weapon.

"(2) Paragraph (1) does not apply with respect to—

"(A) the manufacture by or for, transfer to or by, or possession by or under the authority of, the United States or any department or agency thereof or a State, or a department, agency, or political subdivision thereof;

"(B) any lawful transfer or lawful possession of a prohibited weapon that was lawfully possessed before the date this subsection takes effect; or

"(C) the manufacture, transfer, or possession of any prohibited weapon by a licensed manufacturer or licensed importer for the purposes of testing or experimentation authorized by the Secretary.".

(b) DEFINITIONS.—Section 921 of title 18, United States Code, as amended by section 101(b), is amended—

(1) in subsection (a)—

(A) in paragraph (28) by striking "'semiautomatic rifle' means any repeating rifle" and inserting "'semiautomatic firearm' means any repeating firearm"; and

(B) by adding at the end the following new paragraphs:

"(31) The term 'prohibited weapon' means—

"(A) a firearm muffler or firearm silencer;

"(B) a short-barreled shotgun;

"(C) a short-barreled rifle;

"(D) a destructive device;

"(E) a semiautomatic assault weapon;

"(F) a Saturday-night-special handgun;

"(G) a nonsporting ammunition; and

"(H) a large-capacity ammunition feeding device.

"(32)(A) The term 'semiautomatic assault weapon' means—

"(i) any of the firearms, or types, replicas, or duplicates in any caliber of the firearms known as—

"(I) Norinco, Mitchell, and Poly Technologies Avtomat Kalashnikovs (all models);

"(II) Israeli Military Industries Uzi and Galil;

"(III) Beretta AR-70;

"(IV) Colt AR-15 and Sporter;

"(V) Fabrique Nationale FN/FAL, FN/LAR, and FNC;

"(VI) SWD M-10, M-11, M-11/9, and M-12;

"(VII) Steyr AUG;

"(VIII) Intratec TEC-9, TEC-DC9 and TEC-22; and

"(IX) revolving cylinder shotguns, such as (but not limited to) the Street Sweeper and Striker 12;

"(ii) a semiautomatic rifle that has an ability to accept a detachable magazine and has at least 2 of the following:

"(I) a folding or telescoping stock;

"(II) a pistol grip that protrudes conspicuously beneath the action of the weapon;

"(III) a bayonet mount;

"(IV) a flash suppressor or barrel having a threaded muzzle; and

"(V) a grenade launcher;

"(iii) a semiautomatic pistol that has an ability to accept a detachable magazine and has at least 2 of the following:

"(I) an ammunition magazine that attaches to the pistol outside of the pistol grip;

"(II) a barrel having a threaded muzzle;

"(III) a shroud that is attached to or partially or completely encircles the barrel and that permits the shooter to hold the firearm with the nontrigger hand without being burned;

"(IV) a manufactured weight of 50 ounces or more when the pistol is unloaded; and

"(V) a semiautomatic version of an automatic firearm; and

"(iv) a semiautomatic shotgun that has at least 2 of the following:

"(I) a folding or telescoping stock;

"(II) a pistol grip that protrudes conspicuously beneath the action of the weapon;

"(III) a fixed magazine capacity in excess of 5 rounds; and

"(IV) an ability to accept a detachable magazine.

"(B) The term 'semiautomatic assault weapon' shall not apply to—

"(i) any of the firearms specified in Appendix A to this section as such firearms were manufactured on or prior to January 1, 1994; and

"(ii) any firearm that—

"(I) is manually operated by bolt, pump, lever, or slide action;

"(II) has been rendered permanently inoperable; or

"(III) is an antique firearm.

"(33) The term 'Saturday-night-special handgun' means—

"(A) any handgun that has a barrel, slide, frame or receiver which is a die casting of zinc alloy or any other nonhomogeneous metal which will melt or deform at a temperature of less than 800 degrees Fahrenheit;

"(B) any pistol which does not have a positive manually operated safety device, a double action revolver which does not have a safety feature which automatically causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge, or any single action revolver which does not have a safety feature which by manual operation causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge;

"(C) any revolver with a safety device which cannot withstand the impact of a weight equal to the weight of the revolver dropping from a distance of 36 inches in a line parallel to the barrel upon the rear of the hammer spur, a total of 5 times;

"(D) any pistol that has a combined length and height less than 10 inches with the height (right angle measurement to barrel without magazine or extension) being at least 4 inches and the length being at least 6 inches, or any revolver that has a barrel length of less than 3 inches or has an overall frame (with conventional grips) length (not diagonal) of less than 4½ inches; or

"(E) any handgun that—

"(i) uses ammunition of the following calibers—

"(I) .22 short;

"(II) .25;

"(III) .32; and

"(ii) has an overall weight, while unloaded, of less than 18 ounces.

"(34) The term 'nonsporting ammunition' means—

"(A) any of the ammunition, or types, replicas, or duplicates of the ammunition known as—

"(i) Dragon's Breath; or

"(ii) .50 caliber BMG;

"(B) any ammunition that contains an incendiary or explosive charge;

"(C) any handgun ammunition measuring more than .45 inches in diameter; or

"(D) any handgun ammunition that produces a force at the muzzle in excess of 1,200 foot pounds.

"(35) The term 'large-capacity ammunition feeding device'—

"(A) means a magazine, belt, drum, feed strip, or similar device which has a capacity of, or which can be readily restored or converted to accept, more than 6 rounds of ammunition, or any combination of parts from which such device can be assembled; but

"(B) does not include an attached tubular device designed to accept, and capable of operating only with, .22 caliber rimfire ammunition."; and

(2) by adding at the end the following appendix:

"APPENDIX A

Centerfire Rifles—Autoloaders

Browning BAR Mark II Safari Semi-Auto Rifle
Browning BAR Mark II Safari Magnum Rifle
Browning High-Power Rifle
Heckler & Koch Model 300 Rifle
Iver Johnson M-1 Carbine
Iver Johnson 50th Anniversary M-1 Carbine
Marlin Model 9 Camp Carbine
Marlin Model 45 Carbine
Remington Nylon 66 Auto-Loading Rifle
Remington Model 7400 Auto Rifle
Remington Model 7400 Rifle
Remington Model 7400 Special Purpose Auto Rifle
Ruger Mini-14 Autoloading Rifle (w/o folding stock)
Ruger Mini Thirty Rifle

Centerfire Rifles—Lever & Slide

Browning Model 81 BLR Lever-Action Rifle
Browning Model 81 Long Action BLR
Browning Model 1886 Lever-Action Carbine
Browning Model 1886 High Grade Carbine
Cimarron 1860 Henry Replica
Cimarron 1866 Winchester Replicas
Cimarron 1873 Short Rifle
Cimarron 1873 Sporting Rifle
Cimarron 1873 30" Express Rifle
Dixie Engraved 1873 Rifle
E.M.F. 1866 Yellowboy Lever Actions
E.M.F. 1860 Henry Rifle
E.M.F. Model 73 Lever-Action Rifle
Marlin Model 336CS Lever-Action Carbine
Marlin Model 30AS Lever-Action Carbine
Marlin Model 444SS Lever-Action Sporter
Marlin Model 1894S Lever-Action Carbine
Marlin Model 1894CS Carbine
Marlin Model 1894CL Classic
Marlin Model 1895SS Lever-Action Rifle
Mitchell 1858 Henry Replica
Mitchell 1866 Winchester Replica
Mitchell 1873 Winchester Replica
Navy Arms Military Henry Rifle
Navy Arms Henry Trapper
Navy Arms Iron Frame Henry
Navy Arms Henry Carbine
Navy Arms 1866 Yellowboy Rifle
Navy Arms 1873 Winchester-Style Rifle
Navy Arms 1873 Sporting Rifle
Remington 7600 Slide Action
Remington Model 7600 Special Purpose Slide Action
Rossi M92 SRC Saddle-Ring Carbine
Rossi M92 SRS Short Carbine
Savage 99C Lever-Action Rifle
Uberti Henry Rifle
Uberti 1866 Sporting Rilfe
Uberti 1873 Sporting Rifle
Winchester Model 94 Side Eject Lever-Action Rifle
Winchester Model 94 Trapper Side Eject
Winchester Model 94 Big Bore Side Eject
Winchester Model 94 Ranger Side Eject Lever-Action Rifle
Winchester Model 94 Wrangler Side Eject

Centerfire Rifles—Bolt Action

Alpine Bolt-Action Rifle
A-Square Caesar Bolt-Action Rifle
A-Square Hannibal Bolt-Action Rifle
Anschutz 1700D Classic Rifles
Anschutz 1700D Custom Rifles
Anschutz 1700D Bavarian Bolt-Action Rifle
Anschutz 1733D Mannlicher Rifle
Barret Model 90 Bolt-Action Rifle
Beeman/HW 60J Bolt-Action Rifle
Blaser R84 Bolt-Action Rifle
BRNO 537 Sporter Bolt-Action Rifle
BRNO ZKB 527 Fox Bolt-Action Rifle
BRNO ZKK 600, 601, 602 Bolt-Action Rifles
Browning A-Bolt Rifle
Browning A-Bolt Stainless Stalker
Browning A-Bolt Left Hand
Browning A-Bolt Short Action
Browning Euro-Bolt Rifle
Browning A-Bolt Gold Medallion
Browning A-Bolt Micro Medallion
Century Centurion 14 Sporter
Century Enfield Sporter #4
Century Swedish Sporter #38
Century Mauser 98 Sporter
Cooper Model 38 Centerfire Sporter
Dakota 22 Sporter Bolt-Action Rifle
Dakota 76 Classic Bolt-Action Rifle
Dakota 76 Short Action Rifles
Dakota 76 Safari Bolt-Action Rifle
Dakota 416 Rigby African
E.A.A./Sabatti Rover 870 Bolt-Action Rifle
Auguste Francotte Bolt-Action Rifles
Carl Gustaf 2000 Bolt-Action Rifle
Heym Magnum Express Series Rifle
Howa Lightning Bolt-Action Rifle
Howa Realtree Camo Rifle
Interarms Mark X Viscount Bolt-Action Rifle
Interarms Mini-Mark X Rifle
Interarms Mark X Whitworth Bolt-Action Rifle
Interarms Whitworth Express Rifle
Iver Johnson Model 5100A1 Long-Range Rifle
KDF K15 American Bolt-Action Rifle
Krico Model 600 Bolt-Action Rifle
Krico Model 700 Bolt-Action Rifles
Mauser Model 66 Bolt-Action Rifle
Mauser Model 99 Bolt-Action Rifle
McMillan Signature Classic Sporter
McMillan Signature Super Varminter
McMillan Signature Alaskan
McMillan Signature Titanium Mountain Rifle
McMillan Classic Stainless Sporter
McMillan Talon Safari Rifle
McMillan Talon Sporter Rifle
Midland 1500S Survivor Rifle
Navy Arms TU-33/40 Carbine
Parker-Hale Model 81 Classic Rifle

Parker-Hale Model 81 Classic African Rifle
Parker-Hale Model 1000 Rifle
Parker-Hale Model 1100M African Magnum
Parker-Hale Model 1100 Lightweight Rifle
Parker-Hale Model 1200 Super Rifle
Parker-Hale Model 1200 Super Clip Rifle
Parker-Hale Model 1300C Scout Rifle
Parker-Hale Model 2100 Midland Rifle
Parker-Hale Model 2700 Lightweight Rifle
Parker-Hale Model 2800 Midland Rifle
Remington Model Seven Bolt-Action Rifle
Remington Model Seven Youth Rifle
Remington Model Seven Custom KS
Remington Model Seven Custom MS Rifle
Remington 700 ADL Bolt-Action Rifle
Remington 700 BDL Bolt-Action Rifle
Remington 700 BDL Varmint Special
Remington 700 BDL European Bolt-Action Rifle
Remington 700 Varmint Synthetic Rifle
Remington 700 BDL SS Rifle
Remington 700 Stainless Synthetic Rifle
Remington 700 MTRSS Rifle
Remington 700 BDL Left Hand
Remington 700 Camo Synthetic Rifle
Remington 700 Safari
Remington 700 Mountain Rifle
Remington 700 Custom KS Mountain Rifle
Remington 700 Classic Rifle
Ruger M77 Mark II Rifle
Ruger M77 Mark II Magnum Rifle
Ruger M77RL Ultra Light
Ruger M77 Mark II All-Weather Stainless Rifle
Ruger M77 RSI International Carbine
Ruger M77 Mark II Express Rifle
Ruger M77 VT Target Rifle
Sako Hunter Rifle
Sako Fiberclass Sporter
Sako Safari Grade Bolt Action
Sako Hunter Left-Hand Rifle
Sako Classic Bolt Action
Sake Hunter LS Rifle
Sako Deluxe Lightweight
Sako Super Deluxe Sporter
Sako Mannlicher-Style Carbine
Sako Varmint Heavy Barrel
Sako TRG–S Bolt-Action Rifle
Sauer 90 Bolt-Action Rifle
Savage 110G Bolt-Action Rifle
Savage 110CY Youth/Ladies Rifle
Savage 110WLE One of One Thousand Limited Edition Rifle
Savage 110GXP3 Bolt-Action Rifle
Savage 110F Bolt-Action Rifle
Savage 110FXP3 Bolt-Action Rifle
Savage 110GV Varmint Rifle
Savage 112FV Varmint Rifle
Savage Model 112FVS Varmint Rifle
Savage Model 112BV Heavy Barrel Varmint Rifle
Savage 116FSS Bolt-Action Rifle
Savage Model 116FSK Kodiak Rifle
Savage 110FP Police Rifle
Steyr-Mannlicher Sporter Models SL, L, M, S, S/T
Steyr-Mannlicher Luxus Model L, M, S
Steyr-Mannlicher Model M Professional Rifle
Tikka Bolt-Action Rifle
Tikka Premium Grade Rifles
Tikka Varmint/Continental Rifle
Tikka Whitetail/Battue Rifle
Ultra Light Arms Model 20 Rifle
Ultra Light Arms Model 28, Model 40 Rifles
Voere VEC 91 Lightning Bolt-Action Rifle
Voere Model 2165 Bolt-Action Rifle
Voere Model 2155, 2150 Bolt-Action Rifles
Weatherby Mark V Deluxe Bolt-Action Rifle
Weatherby Lasermark V Rifle
Weatherby Mark V Crown Custom Rifles
Weatherby Mark V Sporter Rifle
Weatherby Mark V Safari Grade Custom Rifles
Weatherby Weathermark Rifle
Weatherby Weathermark Alaskan Rifle
Weatherby Classicmark No. 1 Rifle
Weatherby Weatherguard Alaskan Rifle
Weatherby Vanguard VGX Deluxe Rifle
Weatherby Vanguard Classic Rifle
Weatherby Vanguard Classic No. 1 Rifle
Weatherby Vanguard Weatherguard Rifle
Wichita Classic Rifle
Wichita Varmint Rifle
Winchester Model 70 Sporter
Winchester Model 70 Sporter WinTuff
Winchester Model 70 SM Sporter
Winchester Model 70 Stainless Rifle
Winchester Model 70 Varmint
Winchester Model 70 Synthetic Heavy Varmint Rifle
Winchester Model 70 DBM Rifle
Winchester Model 70 DBM–S Rifle
Winchester Model 70 Featherweight
Winchester Model 70 Featherweight WinTuff
Winchester Model 70 Featherweight Classic
Winchester Model 70 Lightweight Rifle
Winchester Ranger Rifle
Winchester Model 70 Super Express Magnum
Winchester Model 70 Super Grade
Winchester Model 70 Custom Sharpshooter
Winchester Model 70 Custom Sporting Sharpshooter Rifle

Centerfire Rifles—Single Shot

Armsport 1866 Sharps Rifle, Carbine
Brown Model One Single Shot Rifle
Browning Model 1885 Single Shot Rifle
Dakota Single Shot Rifle
Desert Industries G–90 Single Shot Rifle
Harrington & Richardson Ultra Varmint Rifle
Model 1885 High Wall Rifle
Navy Arms Rolling Block Buffalo Rifle
Navy Arms #2 Creedmoor Rifle
Navy Arms Sharps Cavalry Carbine
Navy Arms Sharps Plains Rifle
New England Firearms Handi-Rifle
Red Willow Armory Ballard No. 5 Pacific
Red Willow Armory Ballard No. 1.5 Hunting Rifle
Red Willow Armory Ballard No. 8 Union Hill Rifle
Red Willow Armory Ballard No. 4.5 Target Rifle
Remington-Style Rolling Block Carbine
Ruger No. 1B Single Shot
Ruger No. 1A Light Sporter
Ruger No. 1H Tropical Rifle
Ruger No. 1S Medium Sporter
Ruger No. 1 RSI International
Ruger No. 1V Special Varminter
C. Sharps Arms New Model 1874 Old Reliable
C. Sharps Arms New Model 1875 Rifle
C. Sharps Arms 1875 Classic Sharps
C. Sharps Arms New Model 1875 Target & Long Range
Shiloh Sharps 1874 Long Range Express
Shiloh Sharps 1874 Montana Roughrider
Shiloh Sharps 1874 Military Carbine
Shiloh Sharps 1874 Business Rifle
Shiloh Sharps 1874 Military Rifle
Sharps 1874 Old Reliable
Thompson/Center Contender Carbine
Thompson/Center Stainless Contender Carbine
Thompson/Center Contender Carbine Survival System
Thompson/Center Contender Carbine Youth Model
Thompson/Center TCR '87 Single Shot Rifle
Uberti Rolling Block Baby Carbine

Drillings, Combination Guns, Double Rifles

Baretta Express SSO O/U Double Rifles
Baretta Model 455 SxS Express Rifle
Chapuis RGExpress Double Rifle
Auguste Francotte Sidelock Double Rifles
Auguste Francotte Boxlock Double Rifle
Heym Model 55B O/U Double Rifle
Heym Model 55FW O/U Combo Gun
Heym Model 88b Side-by-Side Double Rifle
Kodiak Mk. IV Double Rifle
Kreighoff Teck O/U Combination Gun
Kreighoff Trumpf Drilling
Merkel Over/Under Combination Guns
Merkel Drillings
Merkel Model 160 Side-by-Side Double Rifles
Merkel Over/Under Double Rifles
Savage 24F O/U Combination Gun
Savage 24F–12T Turkey Gun
Springfield Inc. M6 Scout Rifle/Shotgun
Tikka Model 412s Combination Gun
Tikka Model 412S Double Fire
A. Zoli Rifle-Shotgun O/U Combo

Rimfire Rifles—Autoloaders

AMT Lightning 25/22 Rifle
AMT Lightning Small-Game Hunting Rifle II
AMT Magnum Hunter Auto Rifle
Anschutz 525 Deluxe Auto
Armscor Model 20P Auto Rifle
Browning Auto-22 Rifle
Browning Auto-22 Grade VI
Krico Model 260 Auto Rifle
Lakefield Arms Model 64B Auto Rifle
Marlin Model 60 Self-Loading Rifle
Marlin Model 60ss Self-Loading Rifle
Marlin Model 70 HC Auto
Marlin Model 9901 Self-Loading Rifle
Marlin Model 70P Papoose
Marlin Model 922 Magnum Self-Loading Rifle
Marlin Model 995 Self-Loading Rifle
Norinco Model 22 ATD Rifle
Remington Model 522 Viper Autoloading Rifle
Remington 552BDL Speedmaster Rifle
Ruger 10/22 Autoloading Carbine (w/o folding stock)

Survival Arms AR-7 Explorer Rifle
Texas Remington Revolving Carbine
Voere Model 2115 Auto Rifle

Rimfire Rifles—Lever & Slide Action

Browning BL-22 Lever-Action Rifle
Marlin 39TDS Carbine
Marlin Model 39AS Golden Lever-Action Rifle
Remington 572BDL Fieldmaster Pump Rifle
Norinco EM-321 Pump Rifle
Rossi Model 62 SA Pump Rifle
Rossi Model 62 SAC Carbine
Winchester Model 9422 Lever-Action Rifle
Winchester Model 9422 Magnum Lever-Action Rifle

Rimfire Rifles—Bolt Actions & Single Shots

Anschutz Achiever Bolt-Action Rifle
Anschutz 1416D/1516D Classic Rifles
Anschutz 1418D/1518D Mannlicher rifles
Anschutz 1700D Classic Rifles
Anschutz 1700D Custom Rifles
Anschutz 1700 FWT Bolt-Action Rifle
Anschutz 1700D Graphite Custom Rifle
Anschutz 1700D Bavarian Bolt-Action Rifle
Armscor Model 14P Bolt-Action Rifle
Armscor Model 1500 Rifle
BRNO ZKM-452 Deluxe Bolt-Action Rifle
BRNO ZKM 452 Deluxe
Beeman/HW 60-J-ST Bolt-Action Rifle
Browning A-Bolt 22 Bolt-Action Rifle
Browning A-Bolt Gold Medallion
Cabanas Phaser Rifle
Cabanas Master Bolt-Action Rifle
Cabanas Espronceda IV Bolt-Action Rifle
Cabanas Leyre Bolt-Action Rifle
Chipmunk Single Shot Rifle
Cooper Arms Model 36S Sporter Rifle
Dakota 22 Sporter Bolt-Action Rifle
Krico Model 300 Bolt-Action Rifles
Lakefield Arms Mark II Bolt-Action Rifle
Lakefield Arms Mark I Bolt-Action Rifle
Magtech Model MT-22C Bolt-Action Rifle
Marlin Model 880 Bolt-Action Rifle
Marlin Model 881 Bolt-Action Rifle
Marlin Model 882 Bolt-Action Rifle
Marlin Model 883 Bolt-Action Rifle
Marlin Model 883SS Bolt-Action Rifle
Marlin Model 25MN Bolt-Action Rifle
Marlin Model 25N Bolt-Action Repeater
Marlin Model 15YN "Little Buckaroo"
Mauser Model 107 Bolt-Action Rifle
Mauser Model 201 Bolt-Action Rifle
Navy Arms TU-KKW Training Rifle
Navy Arms TU-33/40 Carbine
Navy Arms TU-KKW Sniper Trainer
Norinco JW-27 Bolt-Action Rifle
Norinco JW-15 Bolt-Action Rifle
Remington 541-T
Remington 40-XR Rimfire Custom sporter
Remington 541-T HB Bolt-Action Rifle
Remington 581-S Sportsman Rifle
Ruger 77/22 Rimfire Bolt-Action Rifle
Ruger K77/22 Varmint Rifle
Ultra Light arms Model 20 RF Bolt-Action Rifle
Winchester Model 52B Sporting Rifle

Competition Rifles—Centerfire & Rimfire

Anschutz 64-MS Left Silhouette
Anschutz 1808D RT Super Match 54 Target
Anschutz 1827B Biathlon Rifle
Anschutz 1903D Match Rifle
Anschutz 1803D Itermediate Match
Anschutz 1911 Match Rifle
Anschutz 54.18MS REP Deluxe Silhouette Rifle
Anschutz 1913 Super Match Rifle
Anschutz 1907 Match Rifle
Anschutz 1910 Super Match II
Anschutz 54.18MS Silhouette Rifle
Anschutz Super Match 54 Target Model 2013
Anschutz Super Match 54 Target Model 2007
Beeman/Feinwerkbau 2600 Target Rifle
Cooper Arms Model TRP-1 ISU Standard Rifle
E.A.A./Weihrauch HW 60 Target Rifle
E.A.A./HW 660 Match Rifle
Finnish Lion Standard Target Rifle
Krico Model 360 S2 Biathlon Rifle
Krico Model 400 Match Rifle
Krico Model 360S Biathlon Rifle
Krico Model 500 Kricotronic Match Rifle
Krico Model 600 Sniper Rifle
Krico Model 600 Match Rifle
Lakefield Arms Model 90B Target Rifle
Lakefield Arms Model 91T Target Rifle
Lakefield Arms Model 92S Silhouette Rifle
Marlin Model 2000 Target Rifle
Mauser Model 86-SR Specialty Rifle
McMillan M-86 Sniper Rifle
McMillan Combo M-87/M-88 50-Caliber Rifle
McMillan 300 Phoenix Long Range Rifle
McMillan M-89 Sniper Rifle
McMillan National Match Rifle
McMillan Long Range Rifle
Parker-Hale M-87 Target Rifle
Parker-Hale M-85 Sniper Rifle
Remington 40-XB Rangemaster Target Centerfire
Remington 40-XR KS Rimfire Position Rifle
Remington 40-XBBR KS
Remington 40-XC KS National Match Course Rifle
Sako TRG-21 Bolt-Action Rifle
Steyr-Mannlicher Match SPG-UIT Rifle
Steyr-Mannlicher SSG P-I Rifle
Steyr-Mannlicher SSG P-III Rifle
Steyr-Mannlicher SSG P-IV Rifle
Tanner Standard UIT Rifle
Tanner 50 Meter Free Rifle
Tanner 300 Meter Free Rifle
Wichita Silhouette Rifle

Shotguns—Autoloaders

American Arms/Franchi Black Magic 48/AL
Benelli Super Black Eagle Shotgun
Benelli Super Black Eagle Slug Gun
Benelli M1 Super 90 Field Auto Shotgun
Benelli Montefeltro Super 90 20-Gauge Shotgun
Benelli Montefeltro Super 90 Shotgun
Benelli M1 Sporting Special Auto Shotgun
Benelli Black Eagle Competition Auto Shotgun
Beretta A-303 Auto Shotgun
Beretta 390 Field Auto Shotgun
Beretta 390 Super Trap, Super Skeet Shotguns
Beretta Vittoria Auto Shotgun
Beretta Model 1201F Auto Shotgun
Browning BSA 10 Auto Shotgun
Browning Bsa 10 Stalker Auto Shotgun
Browning A-500R Auto Shotgun
Browning A-500G Auto Shotgun
Browning A-500G Sporting Clays
Browning Auto-5 Light 12 and 20
Browning Auto-5 Stalker
Browning Auto-5 Magnum 20
Browning Auto-5 Magnum 12
Churchill Turkey Automatic Shotgun
Cosmi Automatic Shotgun
Maverick Model 60 Auto Shotgun
Mossberg Model 5500 Shotgun
Mossberg Model 9200 Regal Semi-Auto Shotgun
Mossberg Model 9200 USST Auto Shotgun
Mossberg Model 9200 Camo Shotgun
Mossberg Model 6000 Auto Shotgun
Remington Model 1100 Shotgun
Remington 11-87 Premier shotgun
Remington 11-87 Sporting Clays
Remington 11-87 Premier Skeet
Remington 11-87 Premier Trap
Remington 11-87 Special Purpose Magnum
Remington 11-87 SPS-T Camo Auto Shotgun
Remington 11-87 Special Purpose Deer Gun
Remington 11-87 SPS-BG-Camo Deer/Turkey Shotgun
Remington 11-87 SPS-Deer Shotgun
Remington 11-87 Special Purpose Synthetic Camo
Remington SP-10 Magnum-Camo Auto Shotgun
Remington SP-10 Magnum Auto Shotgun
Remington SP-10 Magnum Turkey Combo
Remington 1100 LT-20 Auto
Remington 1100 Special Field
Remington 1100 20-Gauge Deer Gun
Remington 1100 LT-20 Tournament Skeet
Winchester Model 1400 Semi-Auto Shotgun

Shotguns—Slide Actions

Browning Model 42 Pump Shotgun
Browning BPS Pump Shotgun
Browning BPS Stalker Pump Shotgun
Browning BPS Pigeon Grade Pump Shotgun
Browning BPS pump Shotgun (Ladies and Youth Model)
Browning BPS Game Gun Turkey Special
Browning BPS Game Gun Deer Special
Ithaca Model 87 Supreme Pump Shotgun
Ithaca Model 87 Deerslayer Shotgun
Ithaca Deerslayer II Rifled Shotgun
Ithaca Model 87 Turkey Gun
Ithaca Model 87 Deluxe Pump Shotgun
Magtech Model 586-VR Pump Shotgun
Maverick Models 88, 91 Pump Shotguns
Mossberg Model 500 Sporting Pump
Mossberg Model 500 Camo Pump
Mossberg Model 500 Muzzleloader Combo
Mossberg Model 500 Trophy Slugster
Mossberg Turkey Model 500 Pump
Mossberg Model 500 Bantam Pump
Mossberg Field Grade Model 835 Pump Shotgun

Mossberg Model 835 Regal Ulti-Mag Pump
Remington 870 Wingmaster
Remington 870 Special Purpose Deer Gun
Remington 870 SPS-BG-Camo Deer/Turkey Shotgun
Remington 870 SPS-Deer Shotgun
Remington 870 Marine Magnum
Remington 870 TC Trap
Remington 870 Special Purpose Synthetic Camo
Remington 870 Wingmaster Small Gauges
Remington 870 Express Rifle Sighted Deer Gun
Remington 879 SPS Special Purpose Magnum
Remington 870 SPS-T Camo Pump Shotgun
Remington 870 Special Field
Remington 870 Express Turkey
Remington 870 High Grades
Remington 870 Express
Remington Model 870 Express Youth Gun
Winchester Model 12 Pump Shotgun
Winchester Model 42 High Grade Shotgun
Winchester Model 1300 Walnut Pump
Winchester Model 1300 Slug Hunter Deer Gun
Winchester Model 1300 Ranger Pump Gun Combo & Deer Gun
Winchester Model 1300 Turkey Gun
Winchester Model 1300 Ranger Pump Gun

Shotguns—Over/Unders

American Arms/Franchi Falconet 2000 O/U
American Arms Silver I O/U
American Arms Silver II Shotgun
American Arms Silver Skeet O/U
American Arms/Franchi Sporting 2000 O/U
American Arms Silver Sporting O/U
American Arms Silver Trap O/U
American Arms WS/OU 12, TS/OU 12 Shotguns
American Arms WT/OU 10 Shotgun
Armsport 2700 O/U Goose Gun
Armsport 2700 Series O/U
Armsport 2900 Tri-Barrel Shotgun
Baby Bretton Over/Under Shotgun
Beretta Model 686 Ultralight O/U
Beretta ASE 90 Competition O/U Shotgun
Beretta Over/Under Field Shotguns
Beretta Onyx Hunter Sport O/U Shotgun
Beretta Model SO5, SO6, SO9 Shotguns
Beretta Sporting Clay Shotguns
Beretta 687EL Sporting O/U
Beretta 682 Super Sporting O/U
Beretta Series 682 Competition Over/Unders
Browning Citori O/U Shotgun
Browning Superlight Citori Over/Under
Browning Lightning Sporting Clays
Browning Micro Citori Lightning
Browning Citori Plus Trap Combo
Browning Citori Plus Trap Gun
Browning Citori O/U Skeet Models
Browning Citori O/U Trap Models
Browning Special Sporting Clays
Browning Citori GTI Sporting Clays
Browning 325 Sporting Clays
Centurion Over/Under Shotgun
Chapuis Over/Under Shotgun
Connecticut Valley Classics Classic Sporter O/U
Connecticut Valley Classics Classic Field Waterfowler
Charles Daly Field Grade O/U
Charles Daly Lux Over/Under
E.A.A./Sabatti Sporting Clays Pro-Gold O/U
E.A.A/Sabatti Falcon-Mon Over/Under
Kassnar Grade I O/U Shotgun
Krieghoff K-80 Sporting Clays O/U
Krieghoff K-80 Skeet Shotgun
Krieghoff K-80 International Skeet
Krieghoff K-80 Four-Barrel Skeet Set
Krieghoff K-80/RT Shotguns
Krieghoff K-80 O/U Trap Shotgun
Laurona Silhouette 300 Sporting Clays
Laurona Silhouette 300 Trap
Laurona Super Model Over/Unders
Ljutic LM-6 Deluxe O/U Shotgun
Marocchi Conquista Over/Under Shotgun
Marocchi Avanza O/U Shotgun
Merkel Model 200E O/U Shotgun
Merkel Model 200E Skeet, Trap Over/Unders
Merkel Model 203E, 303E Over/Under Shotguns
Perazzi Mirage Special Sporting O/U
Perazzi Mirage Special Four-Gauge Skeet
Perazzi Sporting Classic O/U
Perazzi MX7 Over/Under Shotguns
Perazzi Mirage Special Skeet Over/Under
Perazzi MX8/MX8 Special Trap, Skeet
Perazzi MX8/20 Over/Under Shotgun
Perazzi MX9 Single Over/Under Shotguns
Perazzi MX12 Hunting Over/Under
Perazzi MX28, MX410 Game O/U Shotguns
Perazzi MX20 Hunting Over/Under
Piotti Boss Over/Under Shotgun
Remington Peerless Over/Under Shotgun
Ruger Red Label O/U Shotgun
Ruger Sporting Clays O/U Shotgun
San Marco 12-Ga. Wildflower Shotgun
San Marco Field Special O/U Shotgun
San Marco 10-Ga. O/U Shotgun
SKB Model 505 Deluxe Over/Under Shotgun
SKB Model 685 Over/Under Shotgun
SKB Model 885 Over/Under Trap, Skeet, Sporting Clays
Stoeger/IGA Condor I O/U Shotgun
Stoeger/IGA ERA 2000 Over/Under Shotgun
Techni-Mec Model 610 Over/Under
Tikka Model 412S Field Grade Over/Under
Weatherby Athena Grade IV O/U Shotguns
Weatherby Athena Grade V Classic Field O/U
Weatherby Orion O/U Shotguns
Weatherby II, III Classic Field O/Us
Weatherby Orion II Classic Sporting Clays O/U
Weatherby Orion II Sporting Clays O/U
Winchester Model 1001 O/U Shotgun
Winchester Model 1001 Sporting Clays O/U
Pietro Zanoletti Model 2000 Field O/U

Shotguns—Side by Sides

American Arms Brittany Shotgun
American Arms Gentry Double Shotgun
American Arms Derby Side-by-Side
American Arms Grulla #2 Double Shotgun
American Arms WS/SS 10
American Arms TS/SS 10 Double Shotgun
American Arms TS/SS 12 Side-by-Side
Arrieta Sidelock Double Shotguns
Armsport 1050 Series Double Shotguns
Arizaga Model 31 Double Shotgun
AYA Boxlock Shotguns
AYA Sidelock Double Shotguns
Beretta Model 452 Sidelock Shotgun
Beretta Side-by-Side Field Shotguns
Crucelegui Hermanos Model 150 Double
Chapuis Side-by-Side Shotgun
E.A.A./Sabatti Saba-Mon Double Shotgun
Charles Daly Model Dss Double
Ferlib Model F VII Double Shotgun
Auguste Francotte Boxlock Shotgun
Auguste Francotte Sidelock Shotgun
Garbi Model 100 Double
Garbi Model 101 Side-by-Side
Garbi Model 103A, B Side-by-Side
Garbi Model 200 Side-by-Side
Bill Hanus Birdgun Doubles
Hatfield Uplander Shotgun
Merkell Model 8, 47E Side-by-Side Shotguns
Merkel Model 47LSC Sporting Clays Double
Merkel Model 47S, 147S Side-by-Sides
Parker Reproductions Side-by-Side
Piotti King No. 1 Side-by-Side
Piotti Lunik Side-by-Side
Piotti King Extra Side-by-Side
Piotti Piuma Side-by-Side
Precision Sports Model 600 Series Doubles
Rizzini Boxlock Side-by-Side
Rizzini Sidelock Side-by-Side
Stoeger/IGA Uplander Side-by-Side Shotgun
Ugartechea 10-Ga. Magnum Shotgun

Shotguns—Bolt Actions & Single Shots

Armsport Single Barrel Shotgun
Browning BT-99 Competition Trap Special
Browning BT-99 Plus Trap Gun
Browning BT-99 Plus Micro
Browning Recoilless Trap Shotgun
Browning Micro Recoilless Trap Shotgun
Desert Industries Big Twenty Shotgun
Harrington & Richardson Topper Model 098
Harrington & Richardson Topper Classic Youth Shotgun
Harrington & Richardson N.W.T.F. Turkey Mag
Harrington & Richardson Topper Deluxe Model 098
Krieghoff KS-5 Trap Gun
Krieghoff KS-5 Special
Krieghoff K-80 Single Barrel Trap Gun
Ljutic Mono Gun Single Barrel
Ljutic LTX Super Deluxe Mono Gun
Ljutic Recoilless Space Gun Shotgun
Marlin Model 55 Goose Gun Bolt Action
New England Firearms Turkey and Goose Gun
New England Firearms N.W.T.F. Shotgun
New England Firearms Tracker Slug Gun
New England Firearms Standard Pardner
New England Firearms Survival Gun
Perazzi TM1 Special Single Trap
Remington 90-T Super Single Shotgun
Snake Charmer II Shotgun
Stoeger/IGA Reuna Single Barrel Shotgun

Thompson/Center TCR '87 Hunter Shotgun.".

(c) REGISTRATION OF FUTURE TRANSFERS OF PROHIBITED WEAPONS.—Section 5845(a) of the Internal Revenue Code of 1986 is amended in the first sentence—

(1) by striking "and" at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting "; and (9) a prohibited weapon (as defined in section 921 of title 18, United States Code).".

(d) IDENTIFICATION MARKING.—Section 923(i) of title 18, United States Code, is amended by adding at the end the following new sentence: "The serial number of any prohibited weapon manufactured after the date of enactment of this section shall clearly show the date on which the weapon was manufactured.".

(e) PENALTY.—

(1) VIOLATION OF SECTION 922(2).—Section 924(a)(1)(B) of title 18, United States Code, as amended by section 308(b), is amended by striking "or (y)" and inserting "(y), or (z)".

(2) USE OR POSSESSION DURING CRIME OF VIOLENCE OR DRUG TRAFFICKING CRIME.—Section 924(c)(1) of title 18, United States Code, is amended in the first sentence by inserting ", or semiautomatic assault weapon" after "short-barreled shotgun,".

SEC. 402. FIREARMS AND CHILD SAFETY.

(a) UNLAWFUL ACT.—Section 922 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(aa)(1) It shall be unlawful for a person to manufacture or import a firearm that does not have as an integral part a device or devices that—

"(A) prevent a child of less than 7 years of age from discharging the firearm by reason of the amount of strength, dexterity, cognitive skill, or other ability required to cause a discharge;

"(B) prevent a firearm that has a removable magazine from discharging when the magazine has been removed; and

"(C) in the case of a handgun other than a revolver, clearly indicate whether the magazine or chamber contains a round of ammunition.

"(2) Paragraph (1) does not apply with respect to the manufacture or importation by or for the United States or a department or agency thereof or a State or a department, agency, or political subdivision thereof.".

(b) PENALTY.—Section 924(a)(5) of title 18, United States Code, as amended by section 204(c), is amended by striking "or (x)" and inserting "(x), or (aa)".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date that is 1 year after the date of enactment of this Act.

STATEMENT OF SARAH BRADY, CHAIR, HANDGUN CONTROL, INC., FEBRUARY 28, 1994

Today we mark the first day under the Brady Law. It's been a long struggle, and we've heard a lot in recent days about whether the Brady bill will reduce gun-related violence in our society. The answer is, absolutely. Today, for the first time, America's law enforcement officials will be able to enforce a 25-year-old law on a national level. The 1968 Gun Control Act prohibits convicted felons and others from purchasing guns, but it failed to include a federal enforcement mechanism. While half of the states in this country enacted waiting periods and background checks to screen out illegal purchasers, the other half did not. Today, law enforcement in every state will finally have the means to keep handguns out of the hands of criminals.

We've also heard a lot in recent days about the confusion surrounding implementation of the Brady Law. Remember, this is the first significant change in 25 years—some confusion is to be expected. But nearly half the states currently conduct background checks, and have successfully stopped thousands upon thousands of prohibited persons from purchasing handguns over the years. Cops have been the biggest supporters of the Brady Bill because police know what will work—and they have said over and over that they would rather spend the time and resources preventing crimes than mopping up after a crime has been committed.

In addition, the Brady law closes the loophole that currently enables criminals to travel from states with tough gun laws into states with weak or no gun laws to buy the weapons that fuel the illegal market. More than 90% of Americans wanted the Brady Law; 87% of gun owners supported the legislation. The Brady Law will work. It must be given time to do what it is intended to do. The Brady Law will make a difference.

But for all that the Brady Law will do, we know that we need to do more. In December, Handgun Control unveiled a comprehensive package of initiatives designed to end America's epidemic of gun violence. Today, that plan is being introduced as legislation in the 103rd Session of Congress by my two good friends, Senator Howard Metzenbaum and Congressman Charles Schumer. Senators Pell, Bradley, Lautenberg, Boxer, Chafee and Kennedy are original co-sponsors. The Handgun Violence Prevention Act of 1994 includes measures that Handgun Control has long espoused—such as licensing of handgun owners, registration of handgun purchases, and limits of those purchases to one per month. It is especially meaningful to Jim and I that Senator Kennedy will be with us as a leader in this campaign, for it was his legislation calling for licensing and registration—more than twenty years ago—that helped move this country in the direction of saner gun laws.

The National Center for Health Statistics estimates that by the year 2003, death from gunshot wounds will exceed automobile fatalities. We must begin our efforts to turn that terrible trend around. We must begin with a strong comprehensive plan of action, and we must begin now.

STATEMENT OF JAMES BRADY, FEBRUARY 28, 1994

Last night, Sarah and I hosted an "end of the wild west" party to celebrate the implementation of the Brady Law. For that is what today marks—the end of unchecked access to guns by criminals, the deranged, and children. And while there is clearly reason to celebrate, we know that there is much more to do.

Almost daily, we pick up our morning newspapers and we read of gun-related tragedies. Too often, these tragedies involve innocent children. So while the gun lobby continues to argue that gun control legislation will not reduce gun crime, I will continue to ask, what crimes have our children committed that they deserve to live in fear of being mowed down as they walk to school? Of what are they guilty that they should be planning their own funerals instead of planning for their proms or graduations?

I believe that it is we who are guilty—for allowing the special interest gun lobby to run rough shod over public opinion for too long. But no longer. Today, the Brady Bill is the law of the land. And today, I begin the campaign for "Brady II," a comprehensive legislative plan to end America's epidemic of gun violence. Sarah and I are in this for the long haul. For as long as it takes until we can proudly say that the United States has a sensible national gun control policy.

Mr. BRADLEY. Mr. President, I rise as an original cosponsor to speak in support of the Gun Violence Prevention Act. I want to congratulate the Senator from Ohio [Mr. METZENBAUM] for his work on this bill. In addition, on the day after the historic Brady bill went into effect, I want to thank Jim and Sarah Brady for working so diligently to highlight the need for comprehensive handgun legislation. The Brady bill was a good first step, and this legislation is an important second step in the process of curbing irresponsible handgun use in this country.

Every year, more than 24,000 Americans—65 a day—are killed with handguns, in homicides, by committing suicide, and by unintentional injuries. Handguns account for only one-third of all firearms, but are responsible for two-thirds of all firearm-related deaths. Handguns are used in about 80 percent of all firearm murders. Ninety-five percent of the people injured by a handgun each year require emergency care or hospitalization. Of these, 68 percent require overnight care and 32 percent require a hospital stay of 8 days or more. In 1991, the United States led the developed world with 14,373 gun murders, as compared to 186 gun murders in Canada, 76 in Australia, 60 in England, and 74 in Japan. One difference between the United States and the other countries cited is that the other countries all have much stricter gun control laws.

A new handgun is produced every 20 seconds in America. For at least a decade now, almost half of America's households have contained at least one gun and at least 25 percent have owned a handgun. According to one commentator, "Gun ownership has become so pervasive that the mere fact of possession has become a problem in and of itself. The presence of guns, especially handguns in homes, has begun to be recognized as a danger to the families who lives in those homes."

Some will argue that these grim statistics are the result of weak law enforcement, light sentencing, legitimate fear, and the waning of family values. Others will argue that they are the result of joblessness, poverty, and long-term neglect of our most violent neighborhoods. I have no doubt that the growing rate of violent activity has been aggravated in part by all these factors. But accepting many of these causes of handgun violence does not erase the reality that crime and deviant behavior have become much more of a burden on our society because of the explosive growth in handguns. Disputes that were settled with fists and knives 10 years ago are now being settled with guns. The number, availabil-

ity, and destructive ability of handguns has contributed significantly to this tragedy.

The purpose of this bill is to make it at least as difficult to use a handgun as it is to drive a car. When the evidence on the danger of handguns is made clear to us on a daily basis, it is irresponsible to allow an instrument which can cause so much physical and psychological damage to be made available to people on such a liberal basis.

This bill makes it illegal to purchase a handgun without a valid, State-issued handgun license. The license would be similar to a driver's license and consist of an identification card with a photograph. In order to acquire the license, a person would have to undergo a background check, present proof of residency in the State of purchase, get fingerprinted, and pass a handgun safety course offered by a local law enforcement officer. Only new purchases of handguns would require a license. Those who currently possess handguns would not have to acquire a license unless they wanted to purchase more handguns.

To stop the transfer of handguns from strawman purchasers to criminals and others intending to commit crimes, this legislation requires that all handgun transfers be registered with local officials. If the person transferring the weapon does not register the transfer, he or she will be in violation of Federal law.

To curb interstate gun running, this bill limits the purchase of a handgun by any one person to one gun a month. When this provision goes into effect, maybe Interstate 95 will lose its nickname, the "Iron Road," as it becomes less easy to run guns from States with little gun control to States, like New Jersey, that already enjoy some of the protections in this bill.

I am particularly pleased, Mr. President, that this bill incorporates my legislation, S. 1798, which increases the licensing fees for federally licensed firearm dealers. In addition to existing requirements, federally licensed firearm dealers would have to prove that they are in compliance with State and local laws, pass background checks, and pay $3,000 for a 3-year license. Today, there are more gun dealers than gas stations and grocery stores. This is outrageous, and I hope these provisions will change that situation.

Mr. President, this bill does prohibit the manufacture of semiautomatic assault weapons and Saturday night specials and ammunition which has no purpose other than to inflict as much damage on the human body as possible. But this bill does not restrict the purchase of any legitimate sporting weapons. Rifle and shotgun purchases are not affected. The bill is narrowly drafted to affect only those instruments and practices that are causing a disproportionate amount of the carnage.

In closing, Mr. President, we must continue our fight to end the death and destruction of our children and our families, which is too easily becoming a fact of life in our cities and towns. I urge support for this responsible handgun licensing and registration legislation.

By Mr. INOUYE (for himself, Mr. STEVENS, Mr. HOLLINGS, and Mr. DANFORTH):

S. 1883. A bill to authorize appropriations for the promotion and development of the U.S. national telecommunications and information infrastructure, and the construction and planning of public broadcasting facilities, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION AUTHORIZATION ACT

• Mr. INOUYE. Mr. President, I insert into the RECORD legislation to reauthorize the National Telecommunications and Information Administration [NTIA] of the Department of Commerce. The bill reauthorizes funding for NTIA, the Public Telecommunications Facilities Program [PTFP], Peacesat and the Children's Endowment Fund.

In addition, the bill includes authorizing language for the administration's Telecommunications and Information Infrastructure Program [TIIP]. The TIIP is one component of Vice President GORE's National Information Infrastructure [NII] initiative! I applaud the administration for suggesting this initiative and I am looking forward to working with the administration to ensure that this program is funded.

NTIA serves as the principal adviser to the President for communications policy. NTIA's role has become more prominent in recent years as the development of the telecommunications industry has become more integral to our country's economic growth. Consequently, NTIA plays a larger role within the administration's plans in the formulation of policy and the growth of our economy than at any other time in its brief history.

Currently, the Commerce Committee is considering legislation to update the 1934 Communications Act with the goal of preserving universal service in a competitive marketplace. NTIA has recently completed two hearings on universal service in New Mexico and Los Angeles. I think NTIA is serving the administration well in reaching out to identify the problems of universal service in rural and inner city America. I encourage NTIA to continue those efforts.

NTIA also administers the Federal Government's allocation of spectrum. Last year the Congress passed legislation requiring NTIA to reassess the Federal Government's spectrum needs and identify 200 megahertz for reassignment to the private sector. The first stage of that process is complete and has been successful. The transfer of that spectrum to the private sector is needed to allow the U.S. to develop more advanced wireless technologies. The bill authorizes funding for NTIA for fiscal years 1994 and 1995 at the levels requested by the administration. For fiscal year 1994, the bill authorizes $21,927,000 and for fiscal year 1995 the bill authorizes an increase in funding to $22,203,000.

The bill also authorizes two assistance programs. Traditionally, Congress has authorized PTFP as part of the authorization for the Corporation for Public Broadcasting, but it is being authorized with NTIA this year because of the changes being made to the PTFP in conjunction with the TIIP grant program.

The bill renames the PTFP as the Public Broadcasting Facilities Program [PBFP]. It is my understanding that PBFP's objectives will continue to fund new as well as replacement equipment, strengthen and extend the delivery of public broadcasting services and increase public broadcasting services and facilities to unserved areas as well as underserved segments of the population.

I have been a long-time supporter of public broadcasting. The PBFP is critical to the future of public broadcasting. I think it is important that we ensure the continued viability of the Public Broadcasting System. Therefore, the bill authorizes the PBFP at $42 million for fiscal year 1995 and 1996—the same levels authorized for the PTFP in fiscal year 1992, 1993, and 1994.

The bill also includes authorization for the administration's TIIP proposal. The TIIP grants fund development projects to facilitate access by schools and hospitals to advanced telecommunications technologies. The funds will permit the use of interactive data, voice, and video telecommunications capabilities by schools, libraries, health care facilities, museums, public safety and other social and community service entities.

The bill authorizes NTIA to award TIIP grants for up to 50 percent of the total project cost for the proposed demonstrations. Projects will be evaluated based on criteria that are designed to achieve the expansion of telecommunications and information infrastructure. The bill includes the authorization levels requested by the administration of $51 million for fiscal year 1994, $100 million for fiscal year 1995, and $150 million for fiscal year 1996.

The bill also reauthorizes funding for the Pan-Pacific Educational and Cultural Experiments by Satellite [PEACESAT]. Through NTIA's efforts, the PEACESAT Program has been a tremendous success. NTIA is continuing its effort to find the lowest-cost alternative to the G.O.E.S. Satellite that

PEACESAT will use through the end of 1994. The bill authorizes $1.5 million in funding to ensure that NTIA can secure a replacement satellite for 1995.

Finally, the bill reauthorizes the National Endowment for Children's Educational Television [NECET] for $5 million in fiscal year 1995 and fiscal year 1996. NTIA conducted its first grant round last year and issued grants to 12 organizations in 8 States. The matching grants totalling $2.4 million in funds will support projects that enhance the children's education. I urge my colleagues to support this measure.●

ADDITIONAL COSPONSORS

S. 540

At the request of Mr. HEFLIN, the name of the Senator from Texas [Mr. GRAMM] was added as a cosponsor of S. 540, a bill to improve the administration of the bankruptcy system, address certain commercial issues and consumer issues in bankruptcy, and establish a commission to study and make recommendations on problems with the bankruptcy system, and for other purposes.

S. 1345

At the request of Mr. BINGAMAN, the name of the Senator from Nebraska [Mr. KERREY] was added as a cosponsor of S. 1345, a bill to provide land-grant status for tribally controlled community colleges, tribally controlled postsecondary vocational institutions, the Institute of American Indian and Alaska Native Culture and Arts Development, Southwest Indian Polytechnic Institute, and Haskell Indian Junior College, and for other purposes.

S. 1478

At the request of Mr. PRYOR, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 1478, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act to ensure that pesticide tolerances adequately safeguard the health of infants and children, and for other purposes.

S. 1669

At the request of Mrs. HUTCHISON, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 1669, a bill to amend the Internal Revenue Code of 1986 to allow homemakers to get a full IRA deduction.

S. 1715

At the request of Mrs. HUTCHISON, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1715, a bill to provide for the equitable disposition of distributions that are held by a bank or other intermediary as to which the beneficial owners are unknown or whose addresses are unknown, and for other purposes.

S. 1727

At the request of Mr. COHEN, the names of the Senator from Maryland [Mr. SARBANES] and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of S. 1727, a bill to establish a National Maritime Heritage Program to make grants available for educational programs and the restoration of America's cultural resources for the purpose of preserving America's endangered maritime heritage.

S. 1791

At the request of Mr. KEMPTHORNE, the names of the Senator from Alaska [Mr. STEVENS], the Senator from North Dakota [Mr. CONRAD], and the Senator from Florida [Mr. MACK] were added as cosponsors of S. 1791, a bill to provide for mandatory life imprisonment of a person convicted of a second offense of kidnaping a minor.

S. 1812

At the request of Mr. KEMPTHORNE, the names of the Senator from Georgia [Mr. COVERDELL] and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of S. 1812, a bill to amend the Supplemental Appropriations Act, to permit a Senator to direct that excess funds allocated to the Senator's personal office for a fiscal year be returned to the U.S. Treasury to reduce the public debt.

S. 1849

At the request of Mr. GRAHAM, the names of the Senator from Arizona [Mr. DECONCINI] and the Senator from Minnesota [Mr. DURENBERGER] were added as cosponsors of S. 1849, a bill to require the Federal Government to incarcerate or to reimburse State and local governments for the cost of incarcerating criminal aliens.

S. 1877

At the request of Mr. PRYOR, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 1877, a bill to amend the Internal Revenue Code of 1986 to clarify the deductibility of interest and similar amounts attributable to deferred compensation.

SENATE JOINT RESOLUTION 150

At the request of Mr. SARBANES, the names of the Senator from Mississippi [Mr. LOTT] and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of Senate Joint Resolution 150, a joint resolution to designate the week of May 2 through May 8, 1994, as "Public Service Recognition Week."

SENATE CONCURRENT RESOLUTION 55

At the request of Mr. LIEBERMAN, the names of the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from Minnesota [Mr. DURENBERGER], and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of Senate Concurrent Resolution 55, a concurrent resolution expressing the sense of the Congress with respect to Taiwan's membership in the United Nations and other international organizations.

SENATE CONCURRENT RESOLUTION 61

At the request of Mr. WOFFORD, the names of the Senator from North Dakota [Mr. DORGAN], the Senator from Vermont [Mr. JEFFORDS], and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of Senate Concurrent Resolution 61, a concurrent resolution expressing the sense of the Congress in support of the President's actions to reduce the trade imbalance with Japan.

SENATE RESOLUTION 182

At the request of Mr. D'AMATO, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of Senate Resolution 182, a resolution entitled "A Call for Humanitarian Assistance to the Pontian Greeks."

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Tuesday, March 1, 1994 at 9:30 a.m., in SH–216, on S. 1614, "Better Nutrition and Health for Children."

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. FORD, Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, March 1, beginning at 10 a.m., to conduct a hearing on regulatory consolidation.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to conduct a hearing on the nomination of Peter S. Knight to be a member of the board of directors of the Communications Satellite Corp. [COMSAT] on Tuesday, March 1, 1994, beginning at 10 a.m.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to conduct a hearing on National Telecommunications and Information Administration [NTIA] authorization immediately following the 10 a.m. hearing on the nomination of Peter S. Knight to be a member of the board of directors of the Communications Satellite Corp. [COMSAT] on Tuesday, March 1, 1994.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on

Energy and Natural Resources be authorized to meet during the session of the Senate, 9:30 a.m., March 1, 1994, to receive testimony on the fiscal year 1995 budget request for the Office of Civilian Radioactive Waste Management.

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

COMMITTEE ON FINANCE

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet today at 10 a.m. to hear testimony on the subject of health care delivery systems.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. FORD. Mr. President, the Committee on Veterans' Affairs would like to request unanimous consent to hold a joint hearing with the House Committee on Veterans' Affairs to receive legislative presentations from the Veterans of Foreign Wars. The hearing will be held on March 1, 1994, at 9:30 a.m. in room 345 of the Cannon House Office Building.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. FORD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, March 1, 1994, at 2:30 p.m. to hold a closed hearing on intelligence matters.

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

ADDITIONAL STATEMENTS

HOMICIDES BY GUNSHOT IN NEW YORK CITY

• Mr. MOYNIHAN. Mr. President, I rise today, as has been my practice each week this year, to announce to the Senate that during the past 7 days, 21 people were killed in New York City by gunshot. We must enact legislation to address this public health crisis.

Yesterday, the Brady Act finally took effect. Brady will not solve our Nation's crime epidemic. The bill's proponents have not suggested this. It will prevent the sales of guns to those who must never own a gun. And will thus save lives.

Let us resolve to pass legislation that will help prevent bullet-related injuries and deaths. We need to ban certain calibers of handgun ammunition and tax heavily other rounds.

In the name of the 174 people who have been killed by gunshot this year in New York City, let us have a meaningful debate on guns and ammunition control. And let us take action to stop the terrible loss of life in our Nation.•

MINNESOTA RURAL FUTURES AWARDS

• Mr. DURENBERGER. Mr. President, I rise today to pay tribute to six people who tonight will be honored with awards from Minnesota Rural Futures.

LaVonne Nicolai, director of the Rural Finance Agency in the Minnesota Department of Agriculture, broke ground for women in several arenas without realizing she was on the cutting edge. LaVonne was the first woman to serve on a soil and water board in the Nation, and the first woman to serve on the Agriculture Committee of the Independent Bankers. She has an abiding faith in Minnesota farmers and through her eloquence has become an important spokesperson for the agriculture industry. Through her commitment to Minnesota agriculture, she has influenced laws and changed the way the system works.

Soneva Goering, a Jackson pork producer, has waged a 3-year campaign to merge the Pork Council Women and the Pork Producers into one organization, first in Minnesota and then nationally. The result is an all-around better opportunity to promote the pork industry. Soneva believes in the future of agriculture, but acknowledges that it is a changing future. She envisions more networking and sharing among rural people, creating a different type of farming. Soneva recently stated, "Sometimes it's tough going and it does take its toll, but there is a future out here."

Carrol Peterson is a farmer and owns and operates a store in Eagle Bend. Among her many accomplishments, including that of 4-H advisor, Todd County Cancer Society volunteer, and her church and choir, is the library and museum she helped build in her community of 600 residents. Carrol is a member of the board of the Central Minnesota Initiative Fund, a foundation that provides grants and loans to businesses in rural Minnesota.

Barb Overlie, through her work as a volunteer spokesperson [VSP] with the Minnesota Soybean Growers Association, makes presentations about agriculture to inner-city classrooms. It is imperative, she believes, to instill the link between rural and city life, telling students that they need farmers to provide food, and farmers need city people to create markets for their products. As a member of the board of the Madelia Hospital, Barb works on the line to keep hospitals and health care accessible for people in rural Minnesota.

Mary Jo Forbord works with farmers and others in rural Minnesota to find a common voice to discuss how farming practices relate directly to the food we all put in our mouths. As a partner in a dairy farm in Benson she also works through organizations to validate the experience of rural women. Included in her work is a project entitled "In Her Own Image—A Portrait of Rural Women." The project will use the visual arts to describe how the lives of rural women differ from, and are the same as, the lives of other women.

Linda Thrane, public affairs troubleshooter for Cargill, is able to help "shape policy, win battles, and create opportunities" in farming. She describes agriculture as the engine that keeps local communities and even the Nation moving forward. "Agriculture is not an industry of the American past, but is the growth industry of the future," she says. Linda is the first woman to serve on the Minnesota Agri-Growth Council.

Mr. President, each of these people has contributed greatly to the strength of rural Minnesota. I thank you for allowing me the opportunity to pay special recognition to their accomplishments in behalf of all Minnesotans.•

NATIONAL SPORTSMANSHIP DAY

• Mr. CHAFEE. Mr. President, today is National Sportsmanship Day. Thousands of students, teachers, and athletes from around the world will participate in this exciting day of activities to recognize the importance of good sportsmanship—both on the athletic field and in the classroom.

The Institute for International Sport, located at the University of Rhode Island, created National Sportsmanship Day 3 years ago to foster a greater public awareness of ethics and fair play in both athletics and in our society at large. Since 1991, more than 7,000 schools from across the country have participated in, and benefited from, National Sportsmanship Day. The institute is expecting participation from over 4,000 public and private schools in all 50 States. In addition, the institute also welcomes 55 international schools from 35 different nations—National Sportsmanship Day is now truly a worldwide event.

The Student-Athlete Outreach Program is an especially appealing component of National Sportsmanship Day. Through this program high schools and colleges send talented student-athletes to local elementary schools to promote good sportsmanship and serve as role models. These students help young people build self-esteem, respect for good health, and the value of teamwork.

Another part of National Sportsmanship Day is the selection, by the Institute for International Sport, of a diverse group of 16 individuals to serve as sports ethics fellows. This year's fellows include two prominent Rhode Islanders: Linda Hackett, the athletic director at Bryant College in Smithfield, RI; and Robert Weygand, the Lieutenant Governor of Rhode Island. Both have demonstrated good sportsmanship throughout their lives.

The Institute for International Sport earned its reputation for excellence in 1993 when it sponsored the first annual World Scholar Athlete Games, in Newport, RI. This international celebration

of sport, culture, and education brought more than 1,600 participants from 108 countries together to promote international understanding and cross cultural exchange.

Mr. President, let me close by congratulating all the participants in National Sportsmanship Day, from the youngest students to those involved in the outreach program, the fellows, and the dedicated staff at the Institute for International Sport. All of us in Rhode Island are proud that National Sportsmanship Day is such a grand success.

I thank the Chair, and ask that a letter from the President's Council on Physical Fitness and Sport endorsing National Sportsmanship Day be made part of the RECORD.

The letter follows:

THE PRESIDENT'S COUNCIL ON PHYSICAL FITNESS AND SPORTS,
Washington DC, January 31, 1994.

DANIEL E. DOYLE, JR.,
Executive Director, Institute for International Sport, The University of Rhode Island, Kingston, RI.

DEAR MR. DOYLE: The President's Council on Physical Fitness and Sports recognizes March 1, 1994, as National Sportsmanship Day. It is an important moment for all of us, not just youth, to reflect on the role sports play in our lives and the lessons such participation teaches us.

Observance of National Sportsmanship Day is an opportunity to recognize contributions that sports make to all aspects of our lives. Sports should teach us honesty, integrity and humility as well as develop a sense of fair play and excellence.

The Institute for International Sports is to be congratulated for its outstanding leadership in organizing this day. We are delighted and honored to be a part of this observance and look forward to seeing more schools involved.

Sincerely,

FLORENCE GRIFFITH JOYNER,
Co-Chair.
TOM MCMILLEN,
Co-Chair.•

CANADIAN REJECTION OF UNITED STATES CHARGES OF CONFLICT OF INTEREST ON DISPUTE RESOLUTION PANEL

• Mr. COHEN. Mr. President, I am outraged by the announcement last week from the Canadian Government that it will not dismiss two members of a dispute resolution panel and rehear a case concerning Canadian lumber subsidies. It was recently discovered that two Canadians on the panel failed to properly disclose their apparent conflicts of interest and, therefore, their unsuitability to serve on the panel.

During the consideration of the lumber case, one of the panelists joined a law firm that often represents the Canadian Government. The second panelist failed to disclose that he had worked for a law firm that represented Canadian lumber interests. These are serious conflicts of interest that should have prevented the Canadians from sitting on the panel.

The decision of the Canadian Government to simply reject these very serious allegations is disturbing for many reasons. Not only does this undisclosed conflict of interest put the lumber case in question, but also raises serious doubts about the entire dispute resolution process, a process vital to the integrity of our free-trade agreement with Canada.

Under a 1986 agreement between Canada and the United States, the Canadian Government agreed to assess a 15-percent tax on its exports of finished lumber product in exchange for the United States decision to drop an unfair trade case against Canada. This tax was designed to offset proven subsidies the Canadian Government continued to provide its lumber industry. In the fall of 1991, Canada unilaterally withdrew from this agreement and stopped imposing the 15-percent tax, claiming that subsidies no longer existed for Canadian producers. At the request of the United States forest products industry, the Department of Commerce initiated an unfair trade case against Canadian lumber exports.

In 1992, a Department of Commerce investigation concluded that these subsidies continued to effectively lower the price of exported Canadian lumber. Consequently, the Department ordered a 6.51-percent penalty duty be imposed on Canadian lumber imports in an effort to level the playing field for United States producers.

The Canadian Government objected to this duty, and requested a dispute resolution panel. Last year a five-member dispute panel overturned the 6.51-percent duty. Unfortunately, it was later discovered that two of the Canadian panelists had not disclosed potential conflicts of interest. Such conflicts raise serious doubts about the impartiality of this panel.

I am deeply disappointed by the Canadian Government's decision to ignore these conflicts of interest. This decision raises serious questions about the commitment of the Canadian Government to free trade and its responsibilities under the free-trade agreement.

I am pleased that the Clinton administration has decided to vigorously pursue this matter by filing an extraordinary challenge to the panel's original decision. This is the only way to effectively address the conflicts of interest that Canada unfortunately fails to recognize.•

FEDERAL COMMUNICATIONS COMMISSION DECISION ON CABLE RATE ROLLBACK

• Mr. INOUYE. Mr. President, last week, the Federal Communications Commission [FCC], under its new Chairman, Reed Hundt, took several additional steps to enforce the 1992 Cable Act. While the final orders on these issues have not yet been released, I want to commend the FCC for its most recent decisions. The Commission, by a vote of 3 to 0, adopted several revisions to its rate regulation rules that will result in an additional reduction of many cable rates by an average of 7 percent. I believe this action is essential to restore the consumers' faith in the Congress and the Federal Government. The Commission's unanimous decision is a proper and necessary response to the complaints of consumers who saw their rates increase as a result of the first set of rules.

In particular, I would like to recognize the cooperative spirit shown by Chairman Hundt's colleagues on the FCC, Commissioner James Quello and Commissioner Andrew Barrett. Their willingness to consider new rate rules in the wake of additional evidence is a testament to their objectivity and devotion to the public interest. I believe that the FCC's action last week was a fair and balanced decision that is precisely the kind of action that the authors of the Cable Act had in mind when we passed the legislation.•

ON THE PASSING OF JOHN HAL "RED" DOVE

• Mr. SHELBY. Mr. President, on February 7 of this year, John Hal Dove of Dothan, AL, passed away. Better known to his many friends and fellow Alabamians as "Red," he truly exemplified the American spirit of commerce, thrift, and hard work. Red Dove started his first trucking business, Dove Truck Line, in 1935. His second company grew to serve much of south Alabama and the city of Atlanta. Red sold this business in 1950 and purchased what would later become under his stewardship AAA Cooper Transportation, a truly national operation. Red Dove's business acumen, ingenuity, and hard work was reflected in the phenomenal growth and success of his trucking companies. Red Dove founded and built a business that has served southeast Alabama and the Nation for over half of century.

Mr. President, Red Dove was not content to simply provide jobs for the residents of southeast Alabama. Rather, he contributed greatly to both his professional organization and numerous civic groups. Red Dove served as both president and chairman of the board of the Alabama Trucking Association. In addition, he was very active in the Chamber of Commerce and was on the Salvation Army's board of directors.

Red Dove is survived by his wife of over 60 years, Sybil Bentley Dove and three children: Mack, Earl, and Faye. I was deeply saddened to learn of his death and my condolences and best wishes are with his family. Red Dove set an almost impossible standard for the rest of us to meet. He was a man of faith and family who exemplified the

best of the American character in both enterprise and community service. We will all miss him and will be a little less complete in not having him with us on this Earth.●

UKRAINIAN NATIONAL ASSOCIATIONS

● Mr. BROWN. Mr. President, recently, the Ukrainian National Association [UNA], the Nation's oldest and largest Ukrainian-American organization, celebrated its 100th anniversary. Established in 1894 in Shamokin, PA, the UNA has been working to foster Ukrainian identity both in America and the world. By establishing a financial organization to meet the needs of a growing Ukrainian immigrant population, the UNA became the cornerstone of the Ukrainian-American community. Throughout its 100-year history, the UNA's 370 branches have provided for the life insurance needs of much of the Ukrainian-American community as well as offering a wide variety of cultural, charitable, and social opportunities. In addition, the UNA offers over $120,000 annually in educational scholarships to its members.

Although the UNA was established to serve Ukrainians living in the United States and Canada, it has never abandoned the ideal of a free Ukraine and never lost sight of the needs of Ukrainians in Ukraine. By working closely with the United States Government, the UNA is promoting the establishment of democratic and free market institutions in Ukraine. The UNA has also established a fund to directly help with humanitarian, technical, and educational assistance to Ukraine.

The United States must take a clear and unequivocal stand for freedom and democracy in Ukraine. Promoting economic, social, and political reform throughout that region will not only benefit Ukraine, but will result in economic and trade opportunities for our Nation and will benefit American workers and our economy. The UNA has been a long-time advocate of a free Ukraine and has been a vital force in establishing a Ukrainian-American identity. I congratulate the Ukrainian National Association on its anniversary and wish it another 100 years of prosperity and service to our Nation.●

A RURAL HOSPITAL READY TO HANDLE A TRAGEDY

● Mr. DURENBERGER. I rise to commend a Minnesota hospital located in rural Minnesota: the Douglas County Hospital of Alexandria, MN.

Several weeks ago, the Nation heard about the tragic multiple vehicle accident that occurred on a snow-shrouded exit ramp of Interstate 94. The accident occurred 10 miles east of Alexandria, MN, or approximately 135 miles west of Minneapolis-St. Paul. The accident involved a tour bus carrying mostly elderly couples, a van full of young women from Fargo, and a highway snow plow. A total of 61 people were injured in the accident in one of Minnesota's worst multiple vehicular accidents.

Of the 61 accident victims, 53 were taken to the local hospital, Douglas County Hospital, with injuries ranging from minor lacerations to multiple traumatic injuries involving the head, spine fractures, and serious abdominal injuries. Unfortunately, six of the young women riding in the van received fatal injuries as a result of this accident.

While I hope my words and prayers will comfort those who were injured and their families, especially for those who passed away, the real reason I bring this tragedy to the Senate's attention is to let the Senate and the Nation know how proud we are of the way the Douglas County Hospital and the community of Alexandria responded to this disastrous event.

The Douglas County Hospital is a relatively small hospital, having only 127 beds and 41 active staff physicians. It serves a predominantly rural area and is the only hospital in the county.

Within 30 minutes of the accident, patients began arriving at the hospital and all 53 were transported to the hospital in less than 2 hours. Although responding facilities can be overwhelmed by both the suddenness and size of a catastrophe like this, the Douglas County Hospital was not overwhelmed. The hospital immediately implemented its disaster plan and began expanding its treatment areas and calling essential staff to care for the large number of critically injured patients. In total, the hospital called in over 100 additional hospital staff which included over 20 local physicians to handle this disaster.

Of the 53 patients brought to Douglas County Hospital, there were 6 fatalities, 4 transfers to major medical facilities by ground ambulance and helicopter, 7 patients admitted to Douglas County Hospital, and 36 patients were treated and released that same day.

Mr. President, because of my roots in rural Minnesota, I have been a long-time champion of rural health care. This incident highlights the fact that rural medicine is effective and responsive. In addition, as we debate national health care reform, we should take note of the hidden lessons from how Douglas County Hospital reacted to and handled this tragedy: all components of a communitywide rural health care system including hospital, physicians, nurses, law enforcement, ambulance, rescue, and fire can effectively handle a disaster situation such as this with proper planning, dedication, and coordination, thus debunking the idea that all sophisticated health care can be provided only in large metropolitan health centers.

When the tragedy occurred only one hospital and only one community were nearby to help, and they did that job very well. Their preparedness and expertise provided comfort and gave hope to the victims they treated on that cold, snowy morning. The Douglas County Hospital and the town of Alexandria deserve the Nation's recognition not only for their good work that day, but also for reminding us of how important high-quality health care providers and facilities are in this Nation's less populated areas.

Accordingly, Mr. President, I rise to not only send my prayers to those who were killed and injured in that terrible accident, but to recognize the good work performed by the Douglas County Hospital. Toward that end, I ask that this newspaper article accompany this statement in the RECORD.

The article follows:

[From the Fargo (MN) Forum, Feb. 9, 1994]

ALEXANDRIA HOSPITAL STAFF WAS READY

(By DeAnne Hilgers)

ALEXANDRIA, MN.—Douglas County Hospital had been preparing itself for a disaster and Tuesday morning it struck.

Six people died and 50 were injured in a pileup involving a snowplow, van and tour bus on Interstate 94, 10 miles east of Alexandria.

All the fatalities and nine of the injured were with Josef's School of Hair Design in Fargo. They were in the van, on their way to the Twin Cities.

The nine van survivors were all in serious or critical condition, hospital administrator William Flaig said.

The tour bus was on its way to casinos in Wisconsin and Minnesota.

Ambulances and a school bus arrived at the hospital's door, bringing in victim after victim, 53 in all.

Hospital staff were ready.

It took only moments to put their emergency plan into action and call in all the extra help they needed.

"I'm really pleased we were able to handle it," Flaig said. "That was our biggest concern. As caregivers, that's our first priority but sometimes it's hard to keep emotion out of it."

The plan involved every department, from administration to nursing to dietary.

Each department has a representative who meets with Flaig while other staff attend to details in their department.

"The main thing we want to do in a disaster situation is to have the right people doing the right things," Flaig says.

As the plan unfolds, some staff bring extra supplies to the emergency room and others start a pyramid system to call extra help.

On Tuesday, the ambulatory surgical unit and rehabilitation center were turned into additional emergency rooms and a triage site, where victims would be separated and attended to according to the severity of their injuries.

About 100 extra staff were called in to the hospital Tuesday, which employs 500 people.

Among them were 21 extra general surgeons, internal medicine specialists and family practitioners. One or two physicians typically attend the 24-hour emergency room.

Grief counselors such as social workers and clergy also received the call.

The accident happened at a good time for notifying staff, Flaig said. Several doctors

were making rounds at the hospital while others were just getting ready for the day.

Among the 50 injured crash victims, according to the State Patrol, eight went to Sauk Center, with the majority going to Douglas County Hospital.

More than 30 people were released from Douglas County Hospital Tuesday afternoon.

Two tour bus passengers were transported to St. Cloud. Douglas County Hospital typically doesn't handle the injuries they suffered, a cervical spine injury and facial injuries, Flaig said.

Two of the van's passengers was taken to Hennepin County Medical Center in Minneapolis with multiple trauma injuries, he said.

All of them were transported by ground ambulance. Bad weather grounded the hospital's helicopter ambulance.

The hospital was able to handle those who died in the morgue it has but "we couldn't have handled any more than we have at this point," Flaig said Tuesday afternoon.

This is not the first time the hospital has handled tragedy. In November 1990, hospital staff tended victims from a school bus-train accident that killed two and injured 21 in Miltona, Minn.

Two years earlier, the hospital handled an accident that killed four and injured 11 when a van carrying 12 youths from a juvenile correctional facility to a movie collided with a semi on I-94 one mile east of Alexandria.

By law, the hospital must have a disaster plan in place. They practice mock disasters twice a year, Flaig said.●

MEASURE SEQUENTIALLY REFERRED

Mr. FORD. Mr. President, I ask unanimous consent that Calendar No. 330, S. 687, the Product Liability Fairness Act be sequentially referred to the Committee on the Judiciary for a period not to extend beyond April 11, 1994, that if the Committee on the Judiciary has not reported the measure within that time, then the bill be automatically discharged and returned to the Calendar.

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

ORDERS FOR TOMORROW

Mr. FORD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 a.m., Wednesday, March 2, that following the prayer, the Journal of proceedings be deemed approved to date and the time for the 2 leaders reserved for their use later in the day, that there then be a period for morning business, not to extend beyond 11 a.m., with Senators permitted to speak therein for up to 5 minutes each; with the first 30 minutes of morning business under the control of Senators SIMPSON; with Senator HUTCHISON recognized for up to 5 minutes; that at 11 a.m., the Senate proceed to the consideration of Calendar No. 317, S. 1560, a bill to establish the Social Security Administration as an independent agency.

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

RECESS UNTIL TOMORROW AT 10 A.M.

Mr. FORD. Mr. President, if there is no further business to come before the Senate today—I see no Senator seeking recognition—I now ask unanimous consent that the Senate stand in recess as previously ordered.

There being no objection, the Senate at 9:05 p.m., recessed until Wednesday, March 2, 1994, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate, March 1, 1994:

DEPARTMENT OF COMMERCE

GINGER EHN LEW, OF CALIFORNIA, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE.

GREG FARMER, OF FLORIDA, TO BE UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM.

GRAHAM R. MITCHELL, OF MASSACHUSETTS, TO BE ASSISTANT SECRETARY OF COMMERCE FOR TECHNOLOGY POLICY.

THOMAS R. BLOOM, OF MICHIGAN, TO BE AN ASSISTANT SECRETARY OF COMMERCE.

THOMAS R. BLOOM, OF MICHIGAN, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF COMMERCE.

IN THE COAST GUARD

REAR ADM. ROBERT E. KRAMEK, U.S. COAST GUARD, TO BE CHIEF OF STAFF, U.S. COAST GUARD, WITH THE GRADE OF VICE ADMIRAL WHILE SO SERVING.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE FOLLOWING OFFICER OF THE U.S. COAST GUARD TO BE A PERMANENT COMMISSIONED OFFICER IN THE GRADE OF LIEUTENANT (JUNIOR GRADE) IN THE REGULAR COAST GUARD:

STEPHEN M. MIDAS

COAST GUARD NOMINATIONS BEGINNING SHARIF A. ABDRABBO, AND ENDING KATHLEEN A. ZYGMUNT, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON FEBRUARY 3, 1994.

COAST GUARD NOMINATIONS BEGINNING MARSHALL S. REICHENBAUGH, AND ENDING JACK H. SCHEYER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON FEBRUARY 4, 1994.