

SENATE—Saturday, December 16, 1995

The Senate met at 11 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Sovereign God, ultimate judge of our leadership of this Nation, shake us fully awake to the realization that we are accountable to You for what is happening in Government during our watch. We confess that the Senate has become a combat zone for a wretched war of words as we deal with the issues of a balanced budget. Negotiations with the administration have deadlocked in an internecine, no-win battle. We are talking at each other; we are not carefully listening to each other. We have lost sight of the time-honored purpose of debate: to lead to creative compromise and synergized solutions.

Once again, time has run out and progress is debilitated. Help us to give up gamesmanship and rise to greatness. Overcome the brinksmanship that has led us to the brink of another impasse. We confess our deep need for Your grace to capture our attitudes and for Your guidance to untangle the negotiations. Again, we ask You to help us put our trust in You and recapture our trust in each other. Give us courage to replace the party spirit for the spirit of patriotism. In our blessed Lord's name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Georgia is recognized.

Mr. COVERDELL. Thank you, Mr. President.

SCHEDULE

Mr. COVERDELL. Mr. President, today there will be a period for morning business until the hour of 12 noon with Senators permitted to speak for up to 5 minutes each. Following morning business, the majority leader may resume consideration of the motion to proceed to H.R. 2127, the Labor-HHS appropriations bill.

The Senate may also continue debate on the Department of Defense authorization conference report. And it is hoped that at some point today, the Senate will be able to set a time certain for a vote on the adoption of that conference report. Senators should therefore be aware that rollcall votes are still possible throughout today's session of the Senate.

Mr. President, I yield the floor and I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business for not to extend beyond the hour of 12 noon, with Senators permitted to speak for up to 5 minutes each.

The Chair recognizes the Senator from Wyoming.

BALANCED BUDGET

Mr. THOMAS. Mr. President, I had hoped to be in Wyoming, as a matter of fact, this weekend, but I had hoped—sincerely hoped—that we would be working at solving the problems we have, and we do have some problems.

But I do want to comment a little. On the way in, I heard the President speak this morning. Frankly, I was surprised that his tone was that he had been offended, as a matter of fact. He indicated that the Republicans had shut down the Government. I have to tell you, I do not believe that is the case at all.

Although it does not matter who it is, the fact is he promised 25 days ago to bring a budget to be balanced in 7 years based on CBO numbers and has not done that, and that is the problem.

Mr. President, it is much more difficult to look into the future and seek to give the leadership that is necessary to mold the Government into a form that will be useful for generations to come. It is much easier to defend the status quo. It seems to me that is the real issue.

The real issue is the growing Government, the growing debt, the growing interest, and the first opportunity that we have had in 25 years to change that. Frankly, the President has been the obstacle of causing that to happen, and I am sorry for that.

Mr. President, there is a great deal more to a balanced budget than arithmetic, even though that is what is talked about, of course. But it seems to me it is the most important issue that we have had before this country in a

very long time. Not only because of the arithmetic, not only because we have a \$5 trillion debt, not only because we pay \$260 billion a year in interests, and growing, and because it is the largest line item in the budget, that is not the only reason.

One of the reasons is responsibility. We are coming into a new century soon, and I think all of us have some responsibility to give some thought to how we want to make the transfer of this Government and this country to new generations with debt that will cost a newborn \$187,000 during their lifetime on interest alone. Is that the kind of a country we want to bring forward, the kind of country where we have enjoyed the benefits of high spending but have not been willing to pay for it, just put it on the credit card of somebody else? The credit card is maxed out.

It also has to do with the concept and the size of the Federal Government, how intrusive and how large and how much spending is involved. I happen to be one of those who believe the Federal Government should be smaller, that we should, indeed, consider those things that could be done better by the States, some that do not need to be done at all by Government, that should be done in the private sector.

I think we ought to spend a little more time with oversight, taking a look at those programs, many of which have been in place for 30 years, the Great Society programs, welfare particularly, and evaluate how effective it has been in terms of its purpose. We have more poverty today than we did when it began. Everyone wants to help people who need help and help them back into the workplace, and that has not been what has happened.

So we ought to take a look at making some change, and there is great resistance to change, and the President is leading that resistance, I think because he has to support the liberal wing of his party, but he is absolutely refusing to take a look at evaluating programs and see if, indeed, there are some ways we can do this job better.

So here we are. The administration has produced four budgets, none of which has balanced, and has produced a great deal of demagoguery. Even the press, the national TV, the most notable one was "Nightline" that was on Tuesday night, showed clips of where we were, one including the First Lady 2 years ago saying what we need to do is reduce the growth in Medicare to somewhere between 6 and 7 percent annually. We have to do that. The Republican plan is more than 7 percent, and

yet the White House says we are going to gut the program, do away with it.

The fact is, the trustees said if we do not do something, it will be broke. We know that. Someone the other day, some 40-year-old said, "I'm very concerned about Medicare for my mother and Social Security." He better be worried about himself. His mother is OK in that program, but you cannot continue the program as it is.

So we have a great deal of demagoguery going on. I happened to serve in the House with Leon Panetta. He was chairman of the Budget Committee, and he came in 4 years ago saying you have to do these things, you have to slow down this entitlement growth. He was the one who was saying that. Now he says the Republicans are uncaring, have no compassion for wanting to do the same thing. Give me a break.

If we are going to have a country where we can come together with public policy, where we can make some decisions based on facts—there have to be some facts—I certainly understand and encourage differences in philosophy and I have a considerable amount of difference in philosophy with some of my friends on the other side.

BERNIE SANDERS and I are good friends. BERNIE SANDERS is from Vermont. He is an Independent, but he is a Socialist. That is his political philosophy. We did not agree on anything, and I understand that, because his idea is the more government you have, the better it is; the more money you can take out of the private sector and spend publicly the better. I do not agree with that. And the majority in this Congress does not agree with that, but it is a philosophy, and that is OK. But you ought to balance that philosophy when we make decisions with facts—facts.

The President said that we are shutting down because the Republicans would not negotiate. The fact is that the Republicans now have had about three different programs that do balance the budget. Their proposal yesterday would have added to Medicare, to Medicaid, to the earned income tax credit for the working poor, 75 billion dollars' worth, and \$25 billion more in Medicare. That was the proposal at this time. Republicans came to that so there would be legitimate bargaining.

This comes from the Washington Post—it is not Republican propaganda, I do not think. They featured a number of novel ways to balance the budget. They are talking about the administration yesterday, who came to negotiate. I quote from the paper:

The White House proposal featured a number of novel ways to balance spending and some traditional ones, such as selling Government assets. This major new savings of \$54 billion, however, comes from the use of the more optimistic economic assumptions of OMB.

The President signed the law 25 days ago to say these negotiations, this bal-

anced budget, will be on CBO numbers, Congressional Budget Office numbers. I can imagine how tired people are of hearing CBO, OMB, and all that. The fact is, though, that as the President said in his State of the Union Message 2 years ago, we all need to use the same numbers. He chose CBO. He now refuses to use them because they can cook the books with the numbers they use at the White House. It is pretty simple to balance the budget if you have your own projections of what growth is going to be, that there will be no turnaround in the economy. Of course. Then, furthermore, they said if that does not work, we will get more revenue by reducing the tax reduction.

There are lots of ways to balance the budget, and that, of course, is what some of my friends on the other side say. But they say, "We want to do it the right way." And they think the right way is to raise taxes so you can continue to spend, and that is the way you do it.

So, Mr. President, we are engaged in a difficult thing here, a difficult negotiation. I do not think anyone is happy about the Government coming to the brink of another furlough. No one wants to do that. But I can tell you that people are pretty dedicated on this side of the aisle to the fundamental proposition of balancing the budget and making some changes for the first time in 25 years—changes that will affect all of us for a very long time.

So there are some issues—and debt is one—that we continue to go on. It was \$5 trillion and it is higher now. Even under this balanced budget in 7 years, that debt will go up \$2 trillion more in 7 years. You all are going to pay for that. All of us. The younger you are, the more you are going to pay. That is too bad.

Responsibility? We are responsible to do better than that, all of us. Whether you are here or in Cody, WY, whether you are a cowboy, a railroader, we are responsible citizens, and a democracy goes with the freedom of responsibility. One of those responsibilities is that, if we want things collectively, you have to pay for them. This idea that somehow we sure enjoy the programs, but we do not want to pay for them does not work.

Change. We are responsible to bring about change. It is easier to stick with the status quo and to use Lyndon Johnson's pen and veto the bill and say, by golly, we are going to stay with the old Great Society. It does not work, but we are going to stay right there.

The other is all talk and no action. The White House has the bully pulpit and cannot do it. The real issue, of course, is an honest balancing of the budget, so we reduce spending from the level it is—and it will still continue to go up at more than 3 percent—but to be able to pay for what we say, and do it by real numbers. Some of the folks say,

"You guys are in an adolescent food fight back there." I am sure it looks more petty than pretty, but the fact is that it is a real debate, a real culmination of a year's work, now to decide whether we are successful in balancing the budget or whether we go on as we have in the past, and that we do it in 7 years. Everyone in this place, since I have been here this year, the first thing they do is stand up and say, "I am for balancing the budget," and they go on to find 100 reasons why they cannot do it. But they want to do it in the right way and that is to raise revenues so we can keep spending at this level.

So, Mr. President, there are lots of problems here, but I think we need to really come to the snubbing post and say to ourselves we are willing to make changes and bring the changes forward that are based on real numbers and then vote. If you do not want to balance the budget, fine, say so. But let us get some figures out here that legitimately say this will balance. Let us not have smoke and mirrors and say we have balanced it, but gosh, we have just done it with projections. They do not have to do that. We have a set of numbers. They may not be right. No one knows whether they will be right. But they are the same numbers and we are dealing from the same deck. That is what we need to do.

So, Mr. President, I feel very strongly, as I know many, many do. I am offended, frankly, by the opponents of balancing the budget saying we just do not have any compassion. We are going to throw kids out in the street or not have schools or not have Medicare. That is poppycock. That is not true. I am offended at the idea that somehow they have more compassion than I do. I do not believe the Federal Government has any more compassion than my State of Wyoming. We are as concerned about our kids as anyone. In fact, we are more concerned about our kids than they are about our kids, of course. So that is not the issue.

If we want to really talk about compassion, we ought to talk about what is going to happen in 15 years when you do not have any money except for a handful of entitlements—and that is where we are. Everybody knows that. We do not have the leadership or the gumption to come up to it to make the decision.

Mr. President, I hope that happens, and I hope that we will give our country a strong future by saying we are willing to make the tough decisions and balance the budget and to look out for the future, and we are willing to pass on a country that will be better than the one we have been involved in.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Georgia is recognized.

THE BUDGET

Mr. COVERDELL. Mr. President, I appreciate your giving me an opportunity to step aside from presiding to make a comment or two about the dilemma that we find ourselves in today.

The first point I want to make is that, from my perspective, we are dealing with a lineage of broken promises here.

I have been somewhat dismayed by the confusion in the public about what is going on, but I guess it is understandable, given the size of the megaphone the President of the United States has. I will just run through several events that occurred over the last 2½ years.

First, when the President was a candidate for the Presidency in 1992, he said in his campaign that he would balance the budget in 5 years. He would balance the budget in 5 years. We are now 3 years later and about to enter the next Presidential election cycle, and he has yet to submit a balanced budget of any kind or of any form. "I will balance the budget in 5 years," and he is arguing with us about trying to balance it in 7 years. A very meaningful promise to the American people is in the trash can.

Two years later, he came before the American people and the Congress. First he said, "I will not submit a budget." Then he said, "No, I am going to submit a balanced budget." So we waited and we received his budget. It was unbalanced at a level of \$200 billion per year as far as anybody could see. "I am going to balance it in 5 years." He forgot that. Then, "I will submit a balanced budget," and he did and it was not balanced. It was not even close. It was so off the mark that the Senate, on two separate occasions, rejected it in a humiliating way—99 to 0, every Republican, every Democrat. On the second attempt, I think the vote was 96 to 3, something like that. Total rejection.

Then we passed for the first time, this Senate and the House, for the first time in almost 30 years, a balanced budget act and sent it to the President. We said we were going to do that, and we did it. It went to the President, and he vetoed it, killed it, which led to the current moment of negotiations between the Congress and the President.

Just before Thanksgiving he and his negotiators, the President and his negotiators, agreed late one evening with the leaders of the Congress and ultimately voted on by the Congress that he and we would produce a balanced budget in 7 years and we would use the same set of numbers. That is real important. We say CBO, and that means

Congressional Budget Office. That is the entity that the President said is the best authority in his State of the Union Address. A month later, the President had offered nothing.

Then, finally, at the beginning of this week he gave us the outline of a budget that was immediately declared out of balance by upward of \$400 billion. It was ridiculed in the press and by everybody who saw it, so he said, "Well, I'm going to really give you a balanced budget Friday at 10 o'clock." I have to tell you, Mr. President, I never believed they were going to do it, which is the second point I am going to make in a minute. Sure enough, midday Friday, his negotiators came to the Budget Committee with two sheets of paper. This was their good-faith attempt, two sheets of paper, and no budget, just a handful of numbers on it—it could have been done in 20 minutes—and we are dealing with the budget of the United States of America. They could have done this in 20 minutes, and it was \$75 billion out of balance. He had no intention of submitting the balanced budget.

They had already purchased television ads Thursday to say that the Republicans shut the Government down. This is scripted. This is raw politics. The problem is, you are dealing with real lives and a real democracy. There are 20,000 troops headed to Europe in the Balkans. They never intended to submit a balanced budget. This is why they waited until the very end. They knew exactly what we would say. We would say this is not what we promised America. We both promised a balanced budget using CBO, Congressional Budget Office, numbers and you come in at the last minute, you spend the whole month producing nothing, and you come in at the last hour with nothing so that you could stand up and say, "Those radical Republicans, hard-hearted, shutting the Government down," meanwhile they were buying television ads even before the last meeting to run across the country saying, "Republicans shut the Government down." Pretty offensive politics.

This is a classic struggle between a people and their representatives, trying to bring the financial affairs of our country under control. Eighty to ninety percent of the American people want a balanced budget, and they want it right now. They are tired of things as they have been. There is only one person standing between America and a balanced budget—his name is William Jefferson Clinton. He happens to be President of the United States. He singlehandedly defeated the balanced budget amendment by getting his leadership to change their votes. He has yet to offer the Congress or the American people a balanced budget.

We all understand that his view of how to get a balanced budget may be different than ours. We welcome him to put his plan on the table, and then we

can get down and work together, according to him some of his wishes and according to us some of ours, all of us fulfilling the demand of the American people, who said, "Balance your budgets. We have to. Our businesses have to. You have ignored it, and you have made the country hurt because of it."

This is not the typical political exercise, Mr. President. I want to remind our colleagues that a commission, chaired by Members of the Senate, Senator KERREY of Nebraska, Senator Danforth, former Senator from Missouri, an entitlement commission, has produced its work early in the year, and it says in that report that within the decade the United States will exhaust all of its resources. Every dime of this huge country will be consumed by just five things: Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt, and there is nothing left.

What would we do if there is a Balkans war then? How would we build our roads? Defend ourselves? Nothing left, after these five expenditures. This balanced budget, that America knows in its heart we have to have, corrects that problem. It does not allow the Nation to run into that wall.

Some people, I think, who have listened to the debate, think that balancing our budget is a very painful exercise. Not only does balancing our budgets immediately begin to set the right path for our children and grandchildren and for the new century, but every living American begins to benefit immediately. The rainbow that comes from balancing these budgets happens right now. Interest rates fall, so the average family saves \$1,000 a year paying their home mortgage. They save on their car loan. They save on their student loans. They save if they build an addition to the house.

The tax reductions benefit all families raising children. The average American family, if this balanced budget that we propose becomes law, finds 2,000 to 3,000 new dollars in their checking account to help that family raise, educate, feed, house, and provide for the health of their family. That is what happens. And it does not happen way off in the future. It happens tomorrow. We are already benefiting. Just the discussion of balancing the budget for the first time in 30 years has affected our economy positively. But there is more to come.

It is beyond me how anybody, the President or any of his colleagues, would deny all America the benefits of managing our financial affairs. I do not understand it. It is a punishing blow to American families because it will push their interest rates up. It will slow the economy. When you do not balance your budget it is tougher to find a job. It is harder to start a business. They cannot get the capital that is being

consumed by a voracious Federal Government that will not pay attention to its own financial affairs.

So, just to repeat, and I will yield: A promise to the American people by the President that we can balance the budget in 5 years—he totally ignored it. A promise to the American people that he would submit a balanced budget earlier this year—he ignored it and submitted one with deficits as far as the eye can see. And then a binding, intense promise made between the President and the Congress, to the American people, just before Thanksgiving, that we would both produce balanced budgets and we would both use honest numbers to do it—and he walked in the last hour, having done nothing since that promise was made and gave us two sheets of paper.

There was more time being spent producing the political ads than producing the balanced budget and that is a sad state of affairs.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

TAX CUTS

Mr. BENNETT. Mr. President, I was in the Chamber last night when some rather harsh words were spoken on both sides of the center aisle and I said a few words myself in an attempt to, first, calm the atmosphere and, second, lift the cloud of obfuscation that seems to have fallen over the debate, after which it fell to my lot to assume the chair.

Some people think sitting in the chair is a great honor, and, of course, it is. But it is also a very good way of silencing one's voice, because when you are in the chair you are forbidden to speak or react or do anything other than to declare whether a quorum is or is not present, or inform errant Senators that they should please take their conversations to the Cloakroom—not the most edifying kinds of things to be able to say.

So I take the opportunity that today's circumstance gives me to offer a few more words in the ongoing debate about the balanced budget, in response to some of the things that were said last night.

I want to focus a little bit on the issue of the tax cuts. We were told last night that the most disgraceful part of the Republican attempt to balance the budget was that in our Balanced Budget Act we called for tax cuts. Disgraceful, we were told, when the public

needs the money that you are going to cut in taxes.

Behind that statement lies one of the great misconceptions of this body, and frankly this Government and the various groups that advise this Government. It gives me an opportunity to get on one of my soap boxes that I have been on before. But I warn the Senate there is no such thing as repetition. You can give the same speech again and again and again and it is always treated as if it were new and, indeed, maybe the repetition is necessary. So I will launch, once again, into an attempt to set the record clear about tax cuts and the way they are viewed in Government.

We make the mistake in this Chamber and elsewhere of assuming that the Government's business is like a family income, where mother and dad sit around the kitchen table adding up the bills at the end of the month, scratch their heads, with very nervous looks on their faces, and say, "We cannot make it. We must do one of two things. We must either increase our income by dad's getting a raise or mother working more hours at her part-time job, or somehow getting an inheritance from a rich uncle, or we must cut down our expenditures."

It is a two-dimensional problem. We must either increase revenues, or we must decrease expenses. That is all there is to it. And we are told around here that the Government has only two choices to balance the budget. We must either raise taxes or cut expenditures. And the analogy sounds wonderful, and it is easy to understand. Every one who sat around the kitchen table worrying about the bills identified the limit. There is only one problem though. It is not reality. It does not conform to the way the world really works.

If I may switch the analogy, Mr. President, the Government is not like a family. The Government is like a business. And I have run some businesses. I have run some of them successfully, and I have run some of them unsuccessfully. Indeed, the lessons I learned from the business which failed under my hand were probably responsible for my ability to make some businesses succeed under my hand.

The business is not a two-dimensional circumstance. It is three. There are three things you can do if your business is not making enough money to cover its monthly bills.

First, yes. You can cut spending. You can cut your overhead. That corresponds with the family sitting around the table. You can say we do not need as many people as we have here. We do not need as fancy surroundings as we have rented. We can move into smaller quarters. You can do all kinds of things to cut your overhead and cut your expenses.

Second, raise revenues. In business that is called raising prices. In Govern-

ment it is called raising taxes. In business it is called raising prices, except every good businessman and businesswoman knows that raising prices is a very dicey way to try to increase your income because there are customers out there that may not like it. There are customers out there that may say, "Oh. If you are going to raise the price on your widgets, I am going to buy widgets from somebody else."

I have increased the bottom line in businesses that I have run by raising prices. It is a wonderful way to do it. It is painless. If the customer will, indeed, pay the increased price. In business we have a phrase we call price sensitive. That is a fancy way for saying we do not dare raise the price on this product because, if we do, nobody will buy it. But, if you have a hot product, if you have something everybody wants, it is not particularly price sensitive and you can increase your income 10 percent by raising your prices 10 percent. And that is clearly the easiest way to do it.

Sometimes, however, Mr. President, businessmen know that they can increase their profits the third way, which is increase sales, cause the business to grow bigger than it is. And increasing sales sometimes comes from—wonder of wonders—increasing overhead. Oh, how can you do that? Well, you can buy an ad for one. You can put something on television telling people about your product. That is increasing your overhead but, if it increases your sales by significantly more than the overhead, it is the wise thing to do.

You can increase your overhead by hiring additional salesmen who will go out and hawk your wares, and thereby cause the business to grow. Or, for many businessmen, the answer is cutting prices. Cutting prices—not increasing prices—many times is the road to success and profit.

Look for just a moment, if you will, Mr. President, at the fastest growing portion of the economy which is the computer driven portion. What has happened to prices of computers? I will give you a rather graphic example.

When I was once president—or actually chairman of the board, a fancy title; the company did not have any money; so they gave me a big title rather than a big salary—of a company that produced computers. We had two that we offered for sale. One, it was a dual-floppy disk computer. We sold it for \$3,300. The other was a 10-megabyte hard disk computer which we sold for \$30,000. We sold every one we could produce literally in a garage. Yes. This was one of those stories of a computer company that started in somebody's garage. We produced them in a garage, and every one we could produce we could sell immediately, there was enough demand for it.

People would say, "Gee. You are in the computer business. IBM dominates

the computer business." With great foresight I said, "IBM does not understand small computers. They only make mainframes. This is a business that will be reserved to us alone."

Today for under \$2,000 you can buy a computer that has 40 megabytes of hard disk connected with it. A color monitor connected to it in a laptop makes the thing we produce—it was about the size of a good washer-dryer set with these 10 megabytes of hard disk, and it sold for \$30,000, under everybody else. Now you can buy something that is so much better than that, and there is no comparison at all, for a fraction of the cost we used to charge.

If the people in the computer industry had been Government-oriented in their pricing, they would have said, "Gee, Mr. BENNETT, you are not making any money with that \$30,000 computer. The solution is to raise your prices" when the folks at Apple down the street understood that the solution was to cut the prices.

Well, what does this have to do with the debate we are having here? Simply this: That all of the figures we are throwing back and forth around this Chamber about cutting taxes \$240 billion, raising taxes \$28 billion, and so on, are ignoring the fact that there are customers out there who will react to the new prices on Government service by changing their behavior just the way they are customers for products.

An interesting article appeared in the Wall Street Journal about a month ago. I am going to dig it out and put it in the RECORD. Marty Feldstein, a respected economist, went back and did something we never do in Government. He analyzed the Clinton tax increase 3 years after it was put in place to see what happened. He came up with the most astounding fact, Mr. President. The Clinton tax increase yielded in revenue one-third of the amount of revenue that was projected at the time it was passed.

We debated back and forth on this floor. And we were told again and again that we must have this tax increase to cut the deficit, and it will cut into the deficit x billion dollars. Now, 3 years later, the good economist Dr. Feldstein, has looked at it, and said, "Do you know what? You raised the taxes x amount, and you got one-third x in revenue."

We never look at that around here. We never pay any attention to that. We are like the businessman who says, "I will raise my prices, and my revenue will come in without any question," and then discovers that the customers do not buy it.

Mr. President, I ask unanimous consent that the article in the Wall Street Journal by Martin Feldstein be printed in the RECORD.

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

[From The Wall Street Journal, Oct. 26, 1995]
BOARD OF CONTRIBUTORS: WHAT THE '93 TAX INCREASES REALLY DID
(By Martin Feldstein)

President Clinton was right when he recently told business groups in Virginia and Texas that he had raised taxes too much in 1993, perhaps more so than he realizes. We now have the first hard evidence on the effect of the Clinton tax rate increases. The new data, published by the Internal Revenue Service, show that the sharp jump in tax rates raised only one-third as much revenue as the Clinton administration had predicted.

Because taxpayers responded to the sharply higher marginal tax rates by reducing their taxable incomes, the Treasury lost two-thirds of the extra revenue that would have been collected if taxpayers had not changed their behavior. Moreover, while the Treasury gained less than \$6 billion in additional personal income tax revenue, the distortions to taxpayers' behavior depressed their real incomes by nearly \$25 billion.

To understand how taxpayer behavior could produce such a large revenue shortfall, recall that the Clinton plan raised the marginal personal income tax rate to 36% from 31% on incomes between \$140,000 (\$115,000 for single taxpayers) and \$250,000 and to 39.6% on all incomes over \$250,000. Relatively small reductions in taxable income in response to these sharply higher rates can eliminate most or all of the additional tax revenue that would result with no behavioral response.

If a couple with \$200,000 of taxable income reduces its income by just 5% in response to the higher tax rate, the Treasury loses more from the \$10,000 decline in income (\$3,100 less revenue at 31%) than it gains from the higher tax rate on the remaining \$50,000 of income above the \$140,000 floor (\$2,500 more revenue at 5%); the net effect is that the Treasury collects \$600 less than it would have if there had been no tax rate increase.

Similarly, a couple with \$400,000 of taxable income would pay \$18,400 in extra taxes if its taxable income remained unchanged. But if that couple responds to the nearly 30% marginal tax rate increase by cutting its taxable income by as little as 8%, the Treasury's revenue gain would fall 67% to less than \$6,000.

How can taxpayers reduce their taxable incomes in this way? Self-employed taxpayers, two-earner couples and senior executives can reduce their taxable earnings by a combination of working fewer hours, taking more vacations, and shifting compensation from taxable cash to untaxed fringe benefits. Investors can shift from taxable bonds and high yield stocks to tax exempt bonds and to stocks with lower dividends. Individuals can increase tax deductible mortgage borrowing and raise charitable contributions. (I ignore reduced realization of capital gains because the 1993 tax rate changes did not raise the top capital gains rate above its previous 28% level.)

To evaluate the magnitude of the taxpayers' actual responses, Daniel Feenberg at the National Bureau of Economic Research (NBER) and I studied the published IRS estimates of the 1992 and 1993 taxable incomes of high income taxpayers (i.e., taxpayers with adjusted gross incomes over \$200,000, corresponding to about \$140,000 of taxable income). We compared the growth of such incomes with the corresponding rise in taxable incomes for taxpayers with adjusted gross incomes between \$50,000 and \$200,000. Since the latter group did not experience a 1993 tax rate change, the increase of their taxable incomes provides a basis for predicting how

taxable incomes would have increased in the high income group if its members had not changed their behavior in response to the higher post-1992 tax rates. We calculated this with the help of the NBER's TAXSIM model, a computer analysis of more than 100,000 random anonymous tax returns provided by the IRS.

We concluded that the high income taxpayers reported 8.5% less taxable income in 1993 than they would have if their tax rates had not increased. This in turn reduced the additional tax liabilities of the high income group to less than one-third of what they would have been if they had not changed their behavior in response to the higher tax rates.

This sensitivity of taxable income to marginal tax rates is quantitatively similar to the magnitude of the response that I found when I studied taxpayers' responses to the tax rate cuts of 1986. It is noteworthy also that such a strong response to the 1993 tax increases occurred within the first year. It would not be surprising if the taxpayer responses get larger as taxpayers have more time to adjust to the higher tax rates by retiring earlier, by choosing less demanding and less remunerative occupations, by buying larger homes and second homes with new mortgage deductions, etc.

The 1993 tax law also eliminated the \$135,000 ceiling on the wage and salary income subject to the 2.9% payroll tax for Medicare. When this took effect in January 1994, it raised the tax rate on earnings to 38.9% for taxpayers with incomes between \$140,000 and \$250,000 and to 42.5% on incomes above \$250,000. Although we will have to wait until data are available for 1994 to see the effect of that extra tax rate rise, the evidence for 1993 suggests that taxpayers' responses to the higher marginal tax rates would cut personal income tax revenue by so much that the net additional revenue from eliminating the ceiling on the payroll tax base would be less than \$1 billion.

All of this stands in sharp contrast to the official revenue estimates produced by the staffs of the Treasury and of the Congressional Joint Committee on Taxation before the 1993 tax legislation was passed. The estimates were based on the self-imposed "convention" of ignoring the effects of tax rate changes on the amount that people work and invest. The combination of that obviously false assumption and a gross underestimate of the other ways in which taxpayer behavior reduces taxable income caused the revenue estimators at the Treasury to conclude that taxpayer behavior would reduce the additional tax revenue raised by the higher rates by only 7%. In contrast, the actual experience shows a revenue reduction that is nearly 10 times as large as the Treasury staff assumed.

This experience is directly relevant to the debate about whether Congress should use "dynamic" revenue estimates that take into account the effect of taxpayer behavior on tax revenue. The 1993 experience shows that unless such behavior is taken into account, the revenue estimates presented to Congress can grossly overstate the revenue gains from higher tax rates (and the revenue costs of lower tax rates). Although the official revenue estimating staffs claim that their estimates are dynamic because they take into account some taxpayer behavior, the 1993 experience shows that as a practical matter the official estimates are close to being "static" no-behavioral-response estimates because they explicitly ignore the effect of taxes on work effort and grossly underestimate the magnitude of other taxpayer responses.

If Congress had known in 1993 that raising top marginal tax rates from 31% to more than 42% would raise less than \$7 billion a year, including the payroll tax revenue as well as the personal income tax revenue, it might not have been possible for President Clinton to get the votes to pass his tax increase.

Which brings us back to President Clinton's own statement (half-recanted the next day) that he raised taxes too much in 1993. Congress and the President will soon be negotiating about the final shape of the 1995 tax package. The current congressional tax proposals do nothing to repeal the very harmful rate increases of 1993. Rolling back both the personal tax rates and the Medicare payroll tax base to where they were before 1993 would cost less than \$7 billion a year in revenue and would raise real national income by more than \$25 billion. Now that the evidence is in, Congress and the President should agree to undo a bad mistake.

Mr. BENNETT. I suggest to you, Mr. President, that we need to pay close attention to what happens when tax rates are cut. It is the same thing that happens to a well-run business when prices are selectively and intelligently cut on certain products. If we cut the tax rate on capital gains, which is where most of the heat is coming from on the other side of the aisle, I am willing to bet a fairly substantial amount of money that we will see Government revenue from capital gains go up and not down.

Is not that what we are after? We want to balance the budget. We want more revenue, do we not? We ought to do that which will bring in more revenue. And the way to bring in more revenue is to cut prices on the products that are slow moving.

I tell you, Mr. President. Ever since we raised prices on capital gains by increasing the capital gains rate, the Government revenue from capital gains has been going steadily down. And any decent business person will tell you we made a mistake with that price increase.

We ought to cut the price back to where it was before, and people will start buying our widgets again. We ought to cut the capital gains tax rate back down to where it was before. I will tell you the figure that I will settle for, Mr. President. I will settle for the figure on capital gains proposed by John F. Kennedy, President of the United States. He wanted a capital gains rate lower than the one we are paying today and nobody accused him of trying to throw widows and orphans out into the street, or little children being driven away from their school lunches when John Kennedy proposed a cut in the capital gains tax rate. His cut was passed. And what happened when they cut prices on that particular governmental service? The revenue from capital gains went up.

What is the objection? As nearly as I can tell, the only objection to the Government getting more money from people who have capital gains is that the people who have capital gains are sup-

posedly the wealthy. I will not argue with whether they are the wealthy or not. We can do that at another time. And there are plenty of charts to indicate that that is not the case.

The point I am making is this. If I am a businessman and I wish to increase my bottom line, I really do not ask whether or not the customers who are benefited from my cutting prices are rich or poor. I really do not care. All I want is enough money to keep my doors open. I do not think the Government ought to really care whether the people who benefit from a capital gains tax cut—in the rate—are rich or poor as long as the Government gets more money.

I was not sent here by the voters of Utah to punish or reward. I was sent here to balance the budget, and one of the ways I balance the budget is to get more revenue to the Government. And one of the ways I get more revenue to the Government is to cut the prices on capital gains transactions so that more people will do more of them and the economy will grow and the Government will get more money.

So I say to those who are hung up about tax cuts and tax increases and who we are hurting and who we are helping, will you change your focus just a minute and ask who you are here to represent and what your assignment is. Your assignment is to get the Government's fiscal affairs in order, and if that is done everybody benefits. And if in the process of getting more revenue into the coffers you happen to help somebody who probably does not need help in terms of his own personal financial circumstances, do not let that bother you. Go ahead, take his money anyway. Go ahead, balance the budget anyway, even if somebody who is rich now happens to benefit by the fact that you are balancing the budget and making life more secure for everybody else. Look the other way and take his money anyway. If we did that around here, I think we move toward solving the problem.

I thank the Chair for his patience. I realize this is not the most stimulating conversation in the world because we are here, frankly, waiting on a group of negotiators to try to solve their problems. And the only comment I would give to them would be this one. You have made your point. You have shown how tough you are. You have shut the Government down. Everybody knows you are powerful. Will you please start to negotiate, having made your point, and let us get on with it.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

BUDGET NEGOTIATIONS

Mr. WARNER. Mr. President, I have personally been heartened by the signs of progress we have witnessed since the budget crisis and the Government shutdown the week before Thanksgiving. The Congress and the White House have been at the bargaining table. Additional appropriations bills have been signed into law, and new estimates from the Congressional Budget Office have offered the promise of greater flexibility. I thought these new estimates would have provided the flexibility in setting our budget priorities, and yet we are again faced, unfortunately, with the prospect of a gridlock. Indeed, it is taking place as I am privileged to address the Senate this afternoon.

The congressional leadership has been deeply disappointed with the lack of a substantive balanced budget from the White House, that is, the Republican congressional leadership. Promises in good faith have been made for 25 days under the last continuing resolution only to have unworkable solutions presented in the 11th hour by the President and his representatives. The Republican leadership, if it is to remain true to its pledge to the American people to balance the budget, has been left with little choice. The Congress and the White House agreed that a 7-year balanced budget plan based on CBO numbers would at least be agreed upon, and I was privileged to have been a part of those negotiations some several weeks ago. It was absolutely clear that it would be a 7-year balanced budget. That was the condition for the last short-term spending bill, and that condition, despite our efforts, has clearly not been met.

The remaining Federal offices regrettably now to be subject to a possible shutdown during the course of this weekend include the U.S. Department of Commerce, Education, Interior, Health and Human Services, Labor, State, Housing and Urban Development, Veterans, and Justice, as well as certain sections of EPA, NASA, and federally funded functions in the District of Columbia.

Mr. President, again, it is my privilege to represent many of these people who live in the Commonwealth of Virginia, and I am deeply concerned and express my compassion to them. But if an agreement is not reached, workers in all these categories again are to be held, as some would say, hostage by the continuing budget crisis. Personnel performing vital emergency functions will come to work and not be paid, and all staff involved in nonemergency functions will be asked to stay at home. These individuals, both in Virginia and across the Nation, have my

pledge that I will work once again, as I did during the last budget crisis, to ensure that they will be made whole financially for any lost compensation. I also offer my pledge that their sacrifices will not have been made in vain.

The Federal Government is in a state of budget crisis, as I said, and it is becoming increasingly difficult to patch together these short-term resolutions.

It is my hope, however, that this weekend that can be achieved, and that all Federal workers, indeed all Americans will recognize the unprecedented confrontation taking place between the White House and the Congress and demand that good faith bargaining be resumed.

The Republican leadership of the U.S. Senate has had its sleeves rolled up for weeks—Senator DOLE, Senator DOMENICI, and I particularly want to pay my respects to Congressman KASICH of the House. They were making enormous efforts to address the differences expressed by the White House in a desire for the 7-year balanced budget plan. That 7 years is absolutely the bedrock; it is not movable. It is not changeable.

Federal employees should know that this is serious business of the first order and not just some new form of politics. Our ultimate objective is a balanced budget agreement. This is important, not only to the Republicans in Congress, but also to Americans everywhere, particularly children and future generations.

I recently received a position paper from the Chamber of Commerce of Staunton-Augusta County in my State of Virginia. This states far more eloquently than I could the need to stay the course, stick with the balanced budget and stay the course, 7 years.

Mr. President, I ask unanimous consent that that position paper be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. WARNER. When we finally achieve the balanced budget agreement, the Nation's house will, hopefully, be put back in order. We want that stability to be one that will last, not just weeks, but to protect our future generations.

Mr. President, I yield the floor.

EXHIBIT 1

STAUNTON-AUGUSTA COUNTY
CHAMBER OF COMMERCE,
Staunton, VA, Nov. 7, 1995.

POSITION PAPER

Subject: Balanced Budget.

Position of: Government Relations Committee.

Background:

The economic case for reducing the Federal budget deficit is compelling. Despite this fact, since 1985 neither normal processes of government nor extraordinary statutory restrictions imposed on the budget process have succeeded in reversing the deficit's long-term upward trend. In fiscal year 1994,

the total federal deficit was \$203.4 billion and the gross federal debt was \$4.6 trillion, according to the Department of the Treasury. Because of the deficit and the mounting interest which must be paid, money is diverted from investment in the private sector, economic growth is inhibited, productivity is reduced, and export becomes more difficult. This situation threatens the standard of living for future generations.

In June 1995, both houses of Congress passed the FY 1996 Budget Resolution which calls for a balanced budget in 7 years (2002) while providing a \$245 billion tax cut. The resolution provides that tax cuts will be available only after congressional committees produce enough spending cuts to balance the budget by fiscal year 2002. Proponents believe the 7-year approach provides the right balance between easing economic adjustments while maintaining the credibility of the government's deficit reduction plan. Opponents believe that this plan is too aggressive and should be phased in over a longer period.

Committee Position:

Moving spending from government to the private sector will enhance saving and investment, boost productivity, and increase the economy's trend rate of growth. Reducing government waste means greater long-term benefits which in turn will create more businesses and greater purchasing power for American households.

Recommendation:

A balanced budget and deficit elimination are vital for our nation's future. The Board of Directors of the Staunton-Augusta Chamber of Commerce reiterates its support for the passage of a balanced budget.

Mr. WARNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996—MOTION TO PROCEED

The PRESIDING OFFICER. The Senate will resume consideration of the motion to proceed to H.R. 2127, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2127) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes.

The Senate resumed consideration of the motion.

Mr. HARKIN. Mr. President, I am sorry that we find ourselves in this

present situation. I had thought that we could have worked out an agreement on Labor-HHS appropriations, whereby we would not be faced, again, with another cloture vote on it, but that we could have agreed to have brought up the bill and perhaps even passed it by voice vote.

There have been, I know, a lot of discussions. I know my colleague, the Senator from Pennsylvania, Senator SPECTER, who is the chair of the Appropriations Subcommittee on Labor and Health and Human Services, has been working very diligently to try to get an arrangement whereby we might bring this bill up and expeditiously move it so we can get together with the House and try to work out our differences.

This is an important bill. It is the second largest appropriations bill, second only to defense. It covers not only all of the Department of Labor, job training programs, but it also covers education, all the education programs—everything from title I to college student aid. It covers Health and Human Services, everything from Head Start to funds for the operation of the Social Security system and Medicaid, plus a lot of related agencies, including the National Institutes of Health and biomedical research. Yet, this bill languishes because of the determination of a few to attach riders to it, riders that have no business being on Labor-HHS, riders which should be brought up in the context of an authorization and not an appropriations bill.

Now I note for the RECORD, Mr. President, that other riders that have been put on other appropriations bills have been taken off, clearing them for approval to be acted on and sent down to the President. I will just mention three. The Treasury-Postal appropriations conference agreement, they dropped their effort to attach the so-called Istook antilobbying rider. Once this was taken off, it cleared the bill for approval and was sent down to the President. Also, there was agreement on a compromise on the abortion rider on the Defense appropriations conference report, which cleared for approval for both Houses and was sent to the President. I might point out they dropped all 17 House-approved EPA riders on the HUD-VA conference agreement. It passed and was sent on to the President.

I know people attach these riders for well-intentioned purposes. They have a philosophy or a view or something they want to attain, but quite frankly all of these riders that were dropped appropriately belong not on appropriations bills, and cooler heads prevailed, they were dropped, and the bills went through. There is a rider on the Labor-HHS appropriations bill that cannot pass the Senate. Three times this year it was brought up, and it could not get enough votes for cloture and there are

not enough votes for cloture. That is the so-called striker replacement provision.

This side, I might say, earlier on was unable to pass last year, when the Democrats were in the majority, the striker replacement bill that would have prohibited companies, employers, from permanently replacing strikers if it was a legitimate, legal strike. We were unable to get that through.

This year, the President of the United States decided, using his constitutional authority—and I do not think anyone has challenged that he does not have the legal authority to do it—implemented a policy at the Executive level that said that the U.S. Government, the Federal Government, would not engage in contracts or renew contracts with those entities doing business with the Federal Government if they did engage in permanent replacement strikers. That was challenged in the court. The court upheld the President.

Now there is an attempt by some to overturn that, to say that, no, the President cannot do that, and that is what the rider is on the Labor-HHS appropriations bill. We had three votes on it this year. We had one vote on the first rescission bill, and we have had two on this bill, on the Labor HHS bill. Both times it did not have sufficient votes to provide for a cloture.

You do not have to take my word for it; you can take the word of the distinguished majority leader. I will quote from the CONGRESSIONAL RECORD of September 29, 1995, when we tried to get the bill through before the end of the fiscal year. Senator DOLE said:

I talked with the leader about this bill, and we do waste time periodically in the Senate, but this is a total waste of time to continue on these two bills because they are not going anywhere. I know some want to make a point. I agree with the Senator from Pennsylvania and the Senator from Iowa that we ought to pass that bill on a voice vote. We cannot get cloture. There were two votes, 54-46, party-line votes. My view is we ought to do it, pass it, and find out what happens in the veto in the next round.

I agree with Senator DOLE that that is what we should have done, that we agree to take off that rider that they have on it, as others have done on other appropriations bills. I know there are some that want to have a debate and a vote on one or two abortion amendments. I think we can work that out with a time agreement, have a vote on the Senate floor, and move it out. So what we are engaged in now with this motion to proceed is just another waste of time. There will be a vote on Monday or Tuesday, whenever the vote is called by the majority leader, and they will not get cloture. It is a for-gone conclusion. They will not get cloture, and we are right back where we started from.

It is a shame we have to waste more time of the Senate and go through this

exercise again. If cooler heads would just prevail and take that rider off, we could bring the bill out under a time agreement and probably get the bill passed within an hour and then sit down with the House and try to iron out our differences in conference.

Mr. President, I was prepared to come to the floor to ask unanimous consent to proceed to H.R. 2127, the Labor-HHS appropriations bill, and to have it go through on a voice vote pursuant to what Senator DOLE said on September 29. However, I am aware there is no one on the other side to object to my unanimous-consent proposal, so I will not offer that unanimous-consent in keeping with the comity of the Senate. Perhaps when we come back Monday and there are people, I may propound it again at that time, only again to show there is no objection on this side to bringing up the Labor-HHS bill and passing it by a voice vote as long as that rider is taken off. If that rider is taken off, there is not one objection on this side to bringing up the bill and quickly disposing of it.

I wanted to take the floor to make that point in the hope that those who have that rider on the bill will listen to the majority leader and listen to Senator SPECTER if they do not want to listen to me and take that rider off, and we can get this very important bill passed before we, hopefully, go home for Christmas.

Lastly, Mr. President, not in keeping with this bill—I guess it is somewhat in keeping with this bill—we are right now in a shutdown of the Government. There are those that work for the Federal Government that are now not going to work today and tomorrow, and I hope by Monday we will at least get a continuing resolution to put us through maybe February. It is a shame we have to do this. I hope that this weekend the President of the United States would exercise his authority under the law to provide funding for the Low-Income Heating Energy Assistance Program.

Mr. President, last year this Congress, Republicans and Democrats, appropriated \$1.3 billion to provide some assistance for low-income people to heat their homes during the winter. It passed with Republican and Democrat support. It was not a partisan issue at all. Also, earlier this year, Republicans and Democrats, working together, provided for a rescission. We rescinded \$300 million of that \$1.3 billion. But it still left \$1 billion in there to help low-income people heat their homes in the winter.

Because we have been under a continuing resolution, that money has been held up. We have not been able to get the money out for the Low-Income Home Energy Assistance Program.

Mr. President, I want you to know that people in Iowa, people all across

the northern part of this country, have endured a very severe winter thus far. There are people in our northern States who are now really deciding whether they are going to buy some fuel or whether they are going to buy food or pay for their prescription drugs.

As Senator WELLSTONE has so eloquently stated many times here, including yesterday—and I know he cannot be here today, he is on his way to Minnesota—as he pointed out, there are people right now in his State, and I know in my State and I know in a lot of northern States, living in one room of their homes. They have the oven on, because they are trying to cut down on their fuel bills because they do not have the money to pay them.

I know in some States, the State authorities that put out the money for low-income heating assistance are saying they only have enough money to put it out in a crisis situation, and that is if an elderly person or low-income person has been notified that they are going to get cut off.

Mr. President, 80 percent of the money we put into LIHEAP, the Low-Income Home Energy Assistance Program, 80 percent of it goes to people with incomes of less than \$8,000 a year; less than \$8,000 a year. In my own State of Iowa there are elderly people living alone in small houses, in small towns—mostly women, elderly women—whose total income is \$4,500, \$5,000, \$6,000 a year on Social Security. That is all they have. Now they are being forced to decide how they are going to pay their heating bills with a very cold winter upon us.

We have a window of opportunity. The President of the United States has a window of opportunity. Since there is not a continuing resolution, we now fall back under the old law. The old law provided \$1.3 billion. As I said, we rescinded \$300 million. There is roughly close to a billion dollars out there that needs to be put out for low-income heating. I am calling on the President, and I hope the President will as soon as possible get that money out. It has been appropriated. We appropriated the money last year. There is no reason to hold it up any longer.

I am informed that as of this time, as of January of last year, about 90 percent of the money appropriated for last year was put out. We are not anywhere even near that now. We are not even anywhere near 30 percent of the money being put out. Yet this is the time when people need that money.

So I hope the President will exercise his authority and get that money out as soon as possible, this weekend. It is an opportunity, I think, for us to show, however bad this budget may seem to a lot of people, there are still a number of people here who care about ensuring that low-income and elderly people, especially, have enough money to heat their homes in the winter.

I do not put this in a partisan context. Mr. President, 53 Senators signed a letter to the President on this very issue of getting the money out, and there were Republicans and Democrats on that letter. So I do not see it as a partisan issue, I see it as just a humane issue, an issue of decency and compassion. We ought to get this money out as soon as possible. So I hope the President of the United States will take this opportunity. It is sad to think we have to do something like this during a period of time when the Government is shut down, but we must take this period of time right now and get that money out so people can heat their homes.

Lastly, I came across an interesting document earlier today, this piece of paper. I was on a radio show this morning with a small radio station in Iowa, Webster City, IA. There were a number of questions, people calling in asking, "Why is the Government shutting down again? Why are we going through this again?"

I have to tell you, maybe I am a little chauvinistic about this, but I happen to think my constituents, Iowans, are pretty reasonable people. They are pretty smart and they have a lot of common sense. One of the callers said, "You had this last shutdown but the people got paid anyway?"

I said "Yes."

He said, "What is the purpose of it, then?"

I said, "You tell me. I cannot tell you."

He said, "Will the same thing happen now? If the Government is shut down, will these people get paid again?"

I said, "I suppose so. They are going to get paid. We are going to shut down but they will get paid anyway."

What is the purpose of it? It makes no sense to Iowans and makes no sense to me. Perhaps with this piece of paper I came across today, maybe it starts to make sense. This is a piece of paper dated November 29, 1 p.m. It is called—it has a title on it, "Building An Effective Government We Can Afford. Government Shutdown Project." That is how it is titled.

I am told this piece of paper came from the Republican Caucus—conference on the House side. It came from the leadership, from Congressman GINGRICH's office: November 29. It says, "Government Shutdown Project." This is November 29. Listen to this. The goal: "Hold effective hearings, press conferences and communication opportunities between December 4-13 to demonstrate mismanagement, politicization of government shutdown or to expose waste in government functions that was evidenced by government shutdown. (see themes below)"

Here are the themes they say. Here are the "themes."

Clinton politicized the shutdown—harming people unnecessarily.

Clinton is fighting to protect big government and the status quo.

Shutdown exposed Government functions that are wasteful and unnecessary.

And then they have the hearings here: "Committee, chairman, date,

topic." Here is activity one: "Hearing, Government Reform Subcommittee on Civil Service. Chairman: Mica. Date: 12/6. Topic: Mismanagement of shutdown."

Here is the next, "Hearing, Government Reform Subcommittee on National Economic Growth. Chairman: McIntosh. Date: 12/7 or 8. Topic: Rubin"—meaning Secretary of the Treasury, Mr. Rubin—"scare tactics and raiding trust funds."

On and on. I could read the whole thing.

Mr. President, I ask unanimous consent that this document be printed in its entirety at this point in the RECORD so people can read it.

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

BUILDING AN EFFECTIVE GOVERNMENT WE CAN AFFORD

GOVERNMENT SHUTDOWN PROJECT

Goal

Hold effective hearings, press conferences and communication opportunities between December 4-13 to demonstrate mismanagement, politicization of government shutdown or to expose waste in government functions that was evidenced by government shutdown. (see themes below)

Themes

Clinton politicized the shutdown—harming people unnecessarily.

Clinton is fighting to protect big government and the status quo.

Shutdown exposed Government functions that are wasteful and unnecessary.

Activity	Committee	Chairman	Date	Topic
Hearings scheduled to date:				
Hearing	Government Reform Subcommittee on Civil Service	Mica	Dec. 6	Mismanagement of shutdown.
Hearing	Government Reform Subcommittee on National Economic Growth	McIntosh	Dec. 7 or 8	Rubin—scare tactics and raiding trust funds.
Hearing	Resources	Young	To be announced	Closing of parks versus Symington proposal.
Hearing (under consideration)	Banking Subcommittee on Oversight	Bachus	Dec. 13	Raiding trust funds—Reich versus Rubin.
Other activities:				
Letter to HUD	Banking Subcommittee on Housing	Lazio	Sent on Nov. 27	Mismanagement of shutdown at HUD.
Letter to Labor	Opportunities	Gooding, Ballenger, Hoekstra	Nov. 28 (expected)	Unknown.
Letter to Labor	Government Reform	Clinger	Sent on Nov. 28	Document request: Notices sent to affiliated constituencies of Labor (i.e. lobbying) re: shutdown.
GAO investigation	Ways and Means	Archer	Unknown	Monitor legality of Rubin actions.
Letter to Rubin	JEC	Saxton [and Arney]	Sent on Nov. 17	Document request re: raiding trust funds.
Talking points	Republican Conference	Boehner	Dec. 4	Politicization of shutdown.

Mr. HARKIN. So, I think this paper makes it clear why we are in a Government shutdown. This was by design, by the Speaker of the House. This is dated November 29. "Hold effective hearings, press conferences and communication opportunities between December 4-13." They did not want to reach an agreement. This is all a plan and a scheme to make this a political issue. That is sad.

I wish I had this this morning when I was on the radio. I did not have it then. If I had, I would have read it on the radio this morning to my constituents in Iowa, saying, "Here is a piece of paper from the Speaker's office dated November 29, saying that their plan is to shut down the Government on December 15, and here is how you get ready for it. You have all these hear-

ings and you have all these meetings and here is how you discuss it. It is all laid out there."

I suppose maybe he did not figure anybody would get a hold of this piece of paper. Once again, it shows you, in Washington, if you put something on a piece of paper someone is going to get a hold of it that you did not want to get a hold of it.

So, Mr. President, there is only one reason why we are in a Government shutdown and that is because the Speaker of the House and his people over there, his allies over there, have decided that they want to do this to create a crisis, to create chaos, to create a disturbance, because Mr. GINGRICH says he is leading a revolution, leading a revolution.

I did not get a chance to read much of the paper this morning but I did read a little part of the paper in which Mr. GINGRICH is saying something—in the Post this morning he said something like: Well, this is like 1933. It is a revolution like 1933, he said.

Well, first of all, I think the Speaker has an overinflated view of himself as a historic person, first.

Second, how can he possibly compare himself to Franklin Roosevelt, or compare what they are doing to government to what we did in 1933? The Speaker said, "This is a historic moment, a moment fully as important as 1933."

Mr. President, this is a moment when we decide what we are about as a nation and where we want to go. It is a moment where we choose whether we

want America to move forward, or to turn it back before 1933.

So, Mr. GINGRICH is right in one respect. In 1933, President Franklin Roosevelt looked at the United States of America, and he said, "I see a country one-third ill housed, one-third ill clothed, and one-third ill fed."

Now, if that was Mr. GINGRICH in 1933, he would have said, "I see an America where two-thirds of the people are well fed, two-thirds are well clothed, and two-thirds are well housed," ignoring the third that were being left out of our system. There is a difference between Mr. GINGRICH's philosophy and Franklin Roosevelt's.

Franklin Roosevelt and that Congress decided never again—that we were going to change Government to provide that ladder of opportunity for people at the bottom as well as the people at the top. How can Mr. GINGRICH, how can the Speaker of the House, in any way compare his philosophy or what he is trying to do to what Franklin Roosevelt did in 1933? I am incredulous. Rather, what the Speaker is trying to do is to undo everything that he did to make this country a little bit more fair, a little bit more just, and a little bit more compassionate.

So, yes, we do have kind of a historic moment right now. Are we going to say that everything we have done to build a ladder of opportunity for people at the bottom we are going to take away; that what we did to provide for decency for the elderly in Medicare and Social Security, we are going to take that away, and turn it back to what it was before 1933?

We have to decide whether it is right to take \$270 billion out of Medicare for our elderly without mounting a real attack on the waste, fraud, and abuse that is rampant in the system—that every senior knows about but we cannot seem to attack.

It is a moment when we decide whether to raise taxes on working families and tell them, "We are not going to only raise your taxes, but we are going to cut your Medicaid, and now you are going to have to pay for your parents' or grandparents' nursing home, too."

It is a moment when we decide whether it is responsible to make it harder for students to go to college and easier for companies to take their jobs overseas.

It is a moment when we decide whether we are going to scrap the direct loan program for students, or whether we are going to let the banks have a nice, cushy deal and make billions of dollars in interest.

It is a moment when we decide whether we are going to cut our investment in education and training and give billions more to the Pentagon, more than they have ever asked for.

It is a moment when we decide whether we are going to pull the rug

out from under family farmers in rural communities and stick them with a farm bill that I call a Welcome to Welfare Act.

So, yes, it is a historic moment. It is a historic moment. It is nothing like 1933, though, because what we are doing here is we are turning—if we adopt this budget that the Speaker of the House has come up with, if we adopt that budget, we are turning our backs on progress in America.

I swear—some people ask me a lot of times, "What does Mr. GINGRICH really want? What kind of America is he looking at?" I swear that he will not be satisfied until we have an America that looks like a Third World country where a few rich are at the top and everybody else is at the bottom where there is no way for the people at the bottom to get to the top.

I have always believed, Mr. President, because of my background, that in America you ought to be a success. There is nothing wrong with that. There is nothing wrong with making money in this country. There is nothing wrong with being rich. I do not begrudge Bill Gates with billions of dollars. Look what he has done. There is nothing wrong with that. That is the American dream.

But I have always believed, Mr. President, that when you make it to the top, when Bill Gates makes it to the top, or if I make it to the top, that one of the primary responsibilities of government is to make sure that we leave the ladder down there for others and that we do not pull it up behind us.

This budget proposal that has come to us from the House of Representatives allows those who get to the top to pull that ladder up behind them. It not only allows them to do it, but it encourages them to do it with the aid and the assistance of the Federal Government.

Mind you, Mr. President, I said, a "ladder of opportunity." I have always believed in that. I did not say escalator. I did not say something that someone can get on and get a free ride up. I said a ladder, because with a ladder you still have to exert some work to get to the top. But the structure is there.

When you take away that structure of prenatal care, the Head Start Program, college student loans, and you take away Medicaid that is going to help the elderly pay for the nursing home bills, and when you cut Medicare and make the elderly pay for their monthly premiums when they do not have it, when you cut out the Low-Income Energy Assistance Program for people that make less than \$8,000 a year, and when you turn right around and give more tax benefits to corporations and you do not go after corporate welfare in this country, more tax benefits to those who already have a lot, when 30 percent of the tax relief in the

Mr. GINGRICH's budget goes to people making over \$100,000 a year, when in that budget families making less than \$30,000 a year pay more in taxes—when you do that, you are pulling away the ladder. You are destroying the structure that allows people who start at the bottom to get to the top.

So, yes, I believe in that American dream. I believe that people ought to be a success. But I am not going to stand here or be a part of the Senate without raising my voice and casting my vote against any budget that would take that American dream away for future generations on the bottom rung of the ladder. And that is as I see this budget.

So, I close my remarks, Mr. President, by saying that I think the Speaker of the House really ought to examine what happened in 1933 and take a look at what kind of a historic figure Franklin Roosevelt really is and what he did for this country to move it ahead out of the dark ages of the past and to provide that ladder of opportunity for families like mine.

If Mr. GINGRICH looks at that and is indeed honest with himself, then he will see that what he is about is undoing all of that and turning us back to where we were before. But maybe that is what he wants. Maybe that is what Mr. GINGRICH wants to do. Well, if so, that is his political philosophy.

I do not want to turn this country back, and I do not want to take away that ladder of opportunity. I hope that more reasonable Members on the other side of the aisle, both in this body and in the House, will come to a reasonable bipartisan conclusion—that, yes, we need to balance the budget but not just do it on the backs of those on the bottom rung of the ladder.

I believe if we work together in a spirit of compromise, we can get it done and we can get out of here for Christmas. But if Mr. GINGRICH proceeds with this plan of his in shutting down the Government, well, then it looks like we might be here over Christmas and New Year's, too. If that is what it takes, I am prepared to stay here. If that is what it takes to stop this folly that the Speaker of the House is trying to inflict upon the American people, well, then I guess we will have to stay here.

Mr. President, I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER (Mr. BURNS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MESSAGES FROM THE HOUSE
RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on December 15, 1995, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bills:

H.R. 1747. An act to amend the Public Health Service Act to permanently extend and clarify malpractice coverage for health centers, and for other purposes.

H.R. 1977. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

H.R. 2099. An act making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for fiscal year ending September 30, 1996, and for other purposes.

H.R. 2236. An act to amend the Doug Barnard, Jr.—1996 Atlanta Centennial Olympic Games Commemorative Coin Act, and for other purposes.

S. 1060. An act to provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes.

The enrolled bills were signed subsequently on December 16, during the session of the Senate by the President pro tempore (Mr. THURMOND).

ORDERS FOR SUNDAY, DECEMBER
17, 1995

Mr. DOLE. I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 5 p.m. on Sunday, December 17; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 5:30 p.m. with Senators permitted to speak for up to 5 minutes each.

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

PROGRAM

Mr. DOLE. Let me indicate that we will have a session on tomorrow. I am not certain whether or not there will be a continuing resolution come over from the House, but we should know by

5 o'clock. And if it does come from the House, it is my hope that we can pass it on a voice vote. There will not be any votes tomorrow. If somebody demands a rollcall, then we would wait and act on that late on Monday. So there will be no votes during tomorrow's session.

We are still hoping to be able to reach an agreement for a time certain to vote on adoption of the DOD authorization conference report. That vote will come on Tuesday morning. We are also hoping that we will be able to proceed to the consideration of the Labor, HHS appropriations bill. A cloture motion was filed on the motion to proceed to Labor, HHS appropriations yesterday.

ORDER FOR VOTE ON CLOTURE
MOTION—H.R. 2127

Mr. DOLE. Mr. President, I now ask unanimous consent that notwithstanding the provisions of rule XXII, the vote on invoking cloture occur on Tuesday, December 19, at a time to be determined by the two leaders, with the mandatory quorum being waived.

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

PROPOSED ACTION ON
LEGISLATION

Mr. DOLE. I might say for the information of my colleagues we did have a meeting this morning with reference to welfare reform. We think we are very close to an agreement. We hope to have that before the Senate next week. The House will act first. We hope to take it up on Tuesday or Wednesday.

We also believe that we have resolved the problem with the D.C. appropriations bill, and it is possible that might be acted on tomorrow. It is unlikely. But it would be acted on by Monday. We could take it up on Monday. I know there have been conversations with the Mayor today to indicate that we hope to have the D.C. appropriations bill wrapped up on Monday and on the way to the President, and on that basis I understand that there will not be any shutdown of anything in the District of Columbia. At least that is what I was advised.

We also met with reference to the foreign operations appropriations bill. We have not yet resolved the one issue remaining with reference to abortion. But it is our hope that we could come

to some resolution of that on Monday. If that were the case, then we will have completed action on all the appropriations except Labor, HHS, which we are unable to take up because of objections on the other side of the aisle. If cloture is invoked, then we can complete action on that.

I would just say with reference to the budget negotiations, we have heard nothing from the President or any of the President's representatives today. It may be that there will be some information later today or tomorrow. We are available. We are prepared. We believe we should have serious discussions. If we are not going to have serious discussions, then we ought to sit down and say, OK, it is not going to happen this year and make some arrangements so that many Members and others and those who may be affected by a Government shutdown can be protected.

I hope that we could get serious about this, sit down and start talking with the President of the United States, with the Speaker, with the majority leader of the Senate present so that we could make some movement. I think one way it might help is if we start canceling all the press conferences that everybody is having downtown and up here. That might speed up the process because it seems to be that every time you have a meeting you have to have a press conference. I am not sure that has been productive the last couple, 3 days.

In any event, if the President wants us to be responsible, we are certainly prepared to do that. We are waiting for him to get with all of us. We would be glad to come to the White House or anywhere else to meet with the President to talk about the balanced budget in 7 years and how we can reach an agreement between now and next Friday, December 22. If not then, sometime in the following week before New Year's.

ADJOURNMENT UNTIL 5 P.M.
TOMORROW

Mr. DOLE. Mr. President, if there be no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 2:27 p.m., adjourned until Sunday, December 17, 1995, at 5 p.m.