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Senate

(Legislative day of Monday, April 19, 1993)

The Senate met at 8:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The Senate will come to order.

Leading the Senate in his prayer to the Supreme Lawgiver, Creator of the universe, Creator of life and life eternal, is the Senate Chaplain, the Reverend Richard C. Halverson.

Dr. Halverson, please.

PRAYER

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

Let us pray:

** * * in quietness and in confidence shall be your strength* * * *.—Isaiah 30:15.

Gracious God our Father, as the Senate considers crucial issues with profound implications for the Nation and the world—in an atmosphere in which more and more people are expressing mistrust of the institution—help the Senators to realize there is One who understands them, loves them, and desires to lead them. In the milieu of crisis, controversy, conflict, compromise, and confusion, teach them the wisdom of moments of withdrawal, waiting upon God in quiet reflection and prayer. Help them understand that to be too busy for God is to be too busy. It is to deny one's self the availability of a Supreme Resource.

Dear Lord, convince the Senators of Your nearness, Your availability, Your relevance to whatever issues they face. May they find meaning in the words of Isaiah, "* * * in quietness and in confidence shall be your strength * * *."

In Jesus' name. Amen.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of morning business not to extend beyond the hour of 11 o'clock a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

The first hour of morning business will be under the control of the Senator from Oregon [Mr. PACKWOOD] or his designee.

Mr. PACKWOOD is recognized under the order.

Mr. PACKWOOD. I thank the Chair. Is it correct that that 5-minute limitation does not apply to the first hour?

The PRESIDENT pro tempore. It is not. The first hour is under the control of the Senator from Oregon [Mr. PACKWOOD].

Mr. PACKWOOD. I appreciate that. Thank you very much, Mr. President.

THE RECONCILIATION

Mr. PACKWOOD. Mr. President, we are going to be entering into serious debates now in the Congress, in the House and Senate, after the recess, on the so-called President's budget or, as we call it now in Congress, reconciliation. That is a fancy term, and anyone listening to me need not worry about that.

We are going to be voting on taxes and spending in a package that has been fashioned jointly, by and large, by the Democratic majority in the House, the Senate and the President. The Republicans, by and large, have opposed it.

I do not plan today to get into the arguments as to each and every item. But I do plan to get into the philosophy of what it is we are talking about and why the Republicans are so opposed.

First, I want to quote from what we call the 1978 Byrd amendment. This is not the Chair, but this is Harry Byrd, the Senator from Virginia.

In 1978 we passed the following amendment in Congress. "Beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts."

That is the law. That was the law. We passed it. And we said in 1978, "by 1981 we are going to have a balanced budget and the law compels it."

Interestingly, in what we call the conference report, when the House and the Senate pass slightly different bills on the same subject, you have to go to conference between the House and the Senate to reconcile the differences. We went to conference, we reconciled the differences. This provision remained in the law. But in the report that accompanies the conference, appears the following language:

> The conferees note that this provision may be superseded by the actions of future Congresses.

This is clearly what has happened. In 1978 we said by 1981 we are going to balance the budget; but, oh, by the way, in case somebody else in conference does something different, next month or next year, this does not count.

Indeed, it has not counted. We have not come close to balancing the budget in 1979, 1981, 1982, or 1983, 1984 or onward. This is irrelevancy. What the Congress says it is going to do, balance the budget, does not mean this Congress or any future Congress is going to do it just because we put it in law.

If this Congress, this year, today, said we pass a law that says we are going to spend no more than $1 trillion, signed into law, goes to the President, he signs it, next week we can pass a

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

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law that says no, we decided to spend $1.1 trillion and, as we do not have the revenue, we are going to borrow the $100 billion. That will supersede the law to spend $1 trillion if it was balanced.

So, it is nice language, it is a nice thought. It is an irrelevancy based upon the past actions of this Congress—frankly, of all of the governments in the United States.

Mr. President, at this stage, although I want to refer to them a little later, I ask unanimous consent to have printed in the RECORD two charts that will have some budget figures on them. I would like to put them in at this place in my speech so that those who are following it will have the charts to look at.

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

FEDERAL, STATE/LOCAL, AND TOTAL GOVERNMENT TAXES AND SPENDING AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT: 1950–92

[In percent]

Year	Federal		State/Local[1]		Total	
	Tax	Spend	Tax	Spend	Tax	Spend
1950	15	16	7	7	21	23
1955	17	18	7	7	24	25
1960	18	18	8	8	26	26
1965	17	18	9	9	25	26
1970	20	20	10	10	30	30
1975	19	22	11	10	29	32
1980	20	23	10	9	30	31
1985	18	24	11	9	29	33
1990	19	22	11	10	30	33
1991	19	24	11	11	30	34
1992	19	24	11	11	30	34

[1] This column does not include the receipt or spending of grants-in-aid from the Federal Government, which are counted as Federal expenditures.

Note.—All figures rounded. Totals may not add due to rounding.

Source: "Budget Baselines, Historical Data, and Alternatives for the Future," Office of Management and Budget, January 1993.

TOTAL GOVERNMENT TAXES AND SPENDING FOR SELECTED ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT [OECD] COUNTRIES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT, 1965–90

[In percent]

	1965		1970		1980		1985		1990	
	Tax	Spend	Tax	Spend	Tax	Spend	Tax	Spend	Tax	Spend
Switzerland	23	20	27	21	33	29	34	31	34	31
Japan	20	20	21	19	28	33	31	32	35	32
United States	27	28	29	32	31	34	31	37	[1] 32	[1] 36
United Kingdom	33	36	40	39	40	45	42	46	40	42
Germany	36	37	38	39	45	48	46	48	43	46
Canada	28	29	34	35	36	41	39	47	42	47
France	38	38	39	39	46	46	48	52	47	50
Italy	30	34	30	34	33	42	38	51	42	53
Norway	37	34	44	41	54	51	55	46	56	55
Netherlands	37	39	42	44	53	58	54	60	50	56
Denmark	31	30	42	40	52	57	57	59	56	58
Sweden	40	36	47	43	57	62	60	65	64	61

[1] 1989 data.

Note.—All figures rounded. The percentages in this chart are compiled by the Organization for Economic Cooperation and Development, an association of the major industrialized countries of the world. The OECD uses a different method of calculating government expenditures and revenues than the standard budget accounting method the U.S. Government uses. Therefore, while the figures in this table give an accurate comparison of the spending and revenue trends of our major competitors, these figures should not be compared directly to other data.

Source: Prepared by Greg Esenwein of the Library of Congress from Organization for Economic Cooperation and Development data, January 1993.

Mr. PACKWOOD. Mr. President, the first chart is entitled "Federal, State/Local, and Total Government Taxes and Spending as a Percentage of Gross Domestic Product: 1950–1992." It is a complicated title. What it means is this: How much of the gross domestic product—for that term we will simply mean all of the income in the United States. It does not quite mean that, but for purposes of my discussion you can say it means that. How much of all of the income of the assets of the United States do governments tax and do they spend from 1950 onward?

In 1950, all of the governments of the United States, Federal Government, State governments, local governments—like counties and cities, school districts, water districts, fire districts, all of them—taxed 21 percent of the gross domestic product. So if the gross domestic product was $100, all of the governments in the United States were taxing $21.

In that same year, 1950, all of the governments of the United States were spending 23 percent. We had a deficit. We were spending more than we were taking in 40 years ago.

We were taxing 21 percent and spending 23 percent.

Now let us go up 42 years to 1992. Same governments. Whereas in 1950 they were taxing 21 percent of all the money in the United States, they are now taxing 30 percent of it, $30 out of every $100. Instead of spending $23 out of $100, we are now spending $34. We still have a deficit. We collect $30 and we spend $34. We are taxing 30 percent of the gross domestic product, and we are spending 34 percent.

Have taxes gone up? You bet. They have gone up a total of 50 percent from where they were.

Has spending gone up? Gone up about 50 percent from where it was.

Every time we raise taxes, we spend the money. There is an interesting breakdown, however, if you compare the Federal Government to all local governments, collectively. On all of the State and local governments collectively, their taxes have gone up, their spending has gone up, but interestingly, it balances. In 1950, all of the State and local governments were taxing 7 percent and spending 7 percent.

Forty-two years later, they are taxing 11 percent and they are spending 11 percent. I think the reason is, they have constitutional amendments that compel them to balance their budgets—all the States, cities, counties, and fire districts. So if they want to spend, they have to tax or they have to cut spending; but they have to make it come out even. The Federal Government does not. There is a significant difference in the column. You might say that is a shame. The United States will not remain competitive if we keep doing that.

So the second chart I will have placed in the RECORD does the same comparison of taxing and spending for our major industrial competitors. This was a chart prepared by the Organization for Economic Cooperation and Development. This is an organization headquartered in Paris, and all the industrial countries belong to it. It is basically a statistical gathering organization, and it does its analysis slightly different from the way we do ours, so the percentages are not quite the same. They are not very far off. The trend is the same in all events in every single country, what we might regard as industrialized competitors. Over the years, their taxes and spending have gone up. They start from a higher base than we did.

Let us take a couple of examples. Let us take Denmark. In 1965, they were taxing 31 percent of their gross domestic product; they were spending 30 percent. They actually had a slight surplus. Twenty-five years later, they are not taxing 31 percent; they are taxing 56 percent, and they are spending 58 percent. They have a deficit.

Let us take just one other: Sweden. In 1965, it was taxing 40 percent and spending 36 percent; in 1990, it was taxing 64 percent and spending 61 percent. So they all do the same thing we have done. If they have money, they spend it. If we have the money, we spend it. We do not pay down the deficits. We do not reduce spending. Give us the taxes and we spend the money, and it is true in all countries.

That brings us to the issue at hand as to what is going to happen if we pass the so-called reconciliation bill. I am going to call it more or less the outlines of the President's budget that the Democratic majority has agreed to.

This bill allocates the taxes and spending for the next year, and when this bill passes—and it may or may not pass, because we are going to try to defeat it—it will lock in taxes and spending for the next year. The taxes are locked in for the entire 5-year period. All of the so-called spending cuts are not.

I am going to take just the first year of this bill, and there is no argument about the figures that I am giving you. The majority and minority all agree that these figures are accurate for the first year. If this bill passes, we are going to increase taxes, over 5 years, by about $336 billion gross. We are going to give some people tax cuts of about $64 billion. But the total increase in taxes, net, when you subtract from the gross the reductions, is a $272 billion increase in taxes. We are going to lock into place, at the same time we pass this bill, if we do, spending cuts, net—and you have some increase and some decrease—spending cuts of $55 billion. So you have about a 5-to-1 increase in taxes over spending cuts locked in.

Here is the promise: But, aha; this bill says that in the next 4 or 5 years, we are also to pass other spending cuts. We are not required to. It will take further actions of Congress to do it. It will take all the heart and might and soul of the authorizing committees and the Appropriations Committees, but the bill we pass—if we pass it—will not lock in those spending cuts in future years. We might do them; we might not.

The history of this country and the history of every industrialized country is that if they have the money, they spend it. Now, we pass this bill, and in comes this $272 billion in taxes. If we cut $55 billion in spending, roughly $215 billion is left over now, and the President says every penny of that is going to go to deficit reduction.

Where is the history that ever indicates that when we have extra money, it goes for deficit reduction? From the time these statistics started in 1950 to today, every time we have extra money, we spend it, not save it. That is why the Republicans are saying, Mr. President, to the Democratic majority in the House and the Senate: Before we pass this tax bill, let us write into law, irrevocably, spending cuts.

Remember, the President said, when he got inaugurated, his budget was going to be $3 in spending cuts for $1 in taxes. Then, finally, when we begin to see the budget, it was going to be 2 to 1. Then it was $1 of taxes for $1 of spending cuts. Now we have a bill that is $5 of taxes for $1 of spending cuts and a promise on the come of more spending cuts.

We have been suckered on that before, in 1982, when President Reagan was promised support on spending cuts. They said: Just support this tax increase, and you will get it. He reluctantly supported the tax increase and never got the spending cuts.

So I do not think it is unfair for the Republicans to say, Mr. President, to the Democratic majority: We will bargain with you.

We might or might not support a real deficit package. I think I would. I would like to see the deficit reduced. I want to see it reduced overwhelmingly by spending cuts, not tax increases. But, in any event, Mr. President, I am not going to buy into something that promises spending cuts later and puts taxes into effect now.

That is where we are, and that is why the Republicans are adamantly opposed, because time after time after time, it has been the same. As they say, "Fool me once, shame on you; fool me twice, shame on me." We are not going to buy into this again.

We have been fooled often enough with promises. What we want now, in the law, is spending cuts of significantly greater magnitude than will be in this bill, if it passes—not a promise, Mr. President, of possible spending cuts in 1994, 1995, 1996, or 1997, and the taxes now. Let us get the spending cuts now in law, and then we will talk about the taxes.

Mr. President, I reserve the remainder of my time.

Mr. ROTH addressed the Chair.

Mr. PACKWOOD. Mr. President, I yield 7 minutes to the Senator from Delaware.

The PRESIDENT pro tempore. The Senator from Delaware [Mr. ROTH] is recognized for 7 minutes.

CLINTON ECONOMIC PLAN FEEDS CONSUMER DOUBTS

Mr. ROTH. Mr. President, yesterday the Conference Board released its monthly Consumer Confidence Index and the news is not good. Consumer confidence in the Nation's economy fell in May to its lowest level since last October. The No. 1 fear identified by participants in this survey is jobs.

Only 13 percent of those surveyed believe more jobs will be available in the coming months—the lowest level of confidence in job prospects in more than a year.

I believe this continuing drop in consumer confidence can be directly linked to the growing concern of the American people about the dramatic tax increases proposed in the Clinton economic plan. They recognize the plan is heavy on tax increases and light on spending cuts.

Americans are realizing that President Clinton's economic plan is not what it was promised to be.

During the campaign, candidate Clinton promised middle class tax relief. President Clinton's plan will increase taxes by as much as $500 a year for the average middle-class family.

Last fall, candidate Clinton promised to cut the deficit in half in 4 years and significantly reduce the Federal debt. As President, he would increase the national debt by $1.4 trillion in the next 4 years. At the end of his 5-year plan, annual deficits will still be in excess of $200 billion and increasing in future years. This assumes that all of his tax increases will go toward cutting the deficit instead of being spent on new programs, as Congress has done in the past. In fact, since World War II, Congress has spent $1.59 for every $1 in tax increases.

Candidate Clinton promised to create hundreds of thousands of new jobs. But independent economic analysis shows his plan will cause an economic decline and serious loss of jobs.

The result of these broken promises is a loss of faith by the American people and American businesses that has produced a sharp drop in consumer confidence.

Mr. President, the reconciliation bill scheduled for action tomorrow by the House proposes $288 billion in tax increases and user fees and only $55 billion in spending cuts—that is $5 in tax increases for every $1 of spending cuts. That is a far cry from the $2 in spending cuts to $1 of tax increases that was advocated by OMB Director Leon Panetta when he testified before the Senate Governmental Affairs Committee during his confirmation hearings.

For the President to argue that these tax increases will go solely to reducing the deficit, while advocating at the same time a tremendous increase in so-called investment spending is contradictory. History proves that the liberal spending Congress will agree to this new spending.

I believe the American people want to give their President the benefit of the doubt. They want to believe Government spending will be cut and that the massive increase in taxes they are expected to pay go to reduce the Federal deficit. But frankly, they have heard these promises before and not so long ago.

The 1990 budget agreement was sold as the deal which would polish off the Federal budget deficit. Unfortunately, the only thing it polished off was the taxpayer's wallet.

In 1990, I argued raising taxes would slow economic growth and increase unemployment. Unfortunately, I was correct. The lessons of the 1990 agreement are simple: Higher taxes stifle economic growth, destroy jobs, and fuel more Government spending.

Who can blame Americans for being skeptical? Why should they believe enacting another unprecedented tax increase will bring the jobs and economic growth that the last one did not? I don't believe it and neither should the taxpayer.

Tax increases will not create jobs or encourage growth in the economy. As I have said on many occasions, you cannot tax America into prosperity.

Mr. President, I yield back the remainder of my time and yield the floor.

Mr. PACKWOOD. Mr. President, I yield 10 minutes to the Senator from New Mexico.

The PRESIDENT pro tempore. The Senator from New Mexico [Mr. DOMENICI] is recognized for 10 minutes.

Mr. DOMENICI. Thank you, Mr. President.

I thank my friend, Senator PACKWOOD, for yielding.

Mr. President, the House of Representatives is scheduled to vote on its 1993 omnibus reconciliation bill tomorrow. As of this time, it appears that the House will proceed with that vote with many nervous Members.

There is good reason for those Members to be nervous.

If they would take the time to truly study the 1,500-page bill they are about to vote on, I think their anxiety would only be further confirmed.

This may be the reason why the President and the Democratic leadership in the House wants to quickly vote on the bill. The more time people have to really study and analyze it the more questionable will be their support.

I would like to take a few minutes to just review the facts—what is in the House reconciliation bill as I have analyzed it.

DEFICIT REDUCTION

First, for the American public—and indeed for many Members of the Congress—this budget process is confusing.

Back on April Fools Day, the Congress adopted a budget resolution that assumed we would pass various kinds of legislation that over 5 years would reduce the deficit about $440 billion. The majority insists on saying that deficit reduction in that package would total $500 billion, but I am using the official CBO numbers.

One of those pieces of legislation that had to pass to achieve the savings in the resolution was a tax and spending bill—a reconciliation bill.

But that reconciliation bill makes up only a portion of the assumed deficit reduction in the budget adopted in the spring—$337 billion—the remainder $103 billion comes from future cuts in appropriation bills—almost entirely cuts in defense spending—and assumed reductions in interest payments on our national debt.

So let me be clear, the House will be voting not on a $500 billion deficit reduction package, not a $440 billion package, but a $337 billion package, that just also happens to raise the debt limit to $4.9 trillion, with no expiration date. And that bill is what I have analyzed here today.

MIX OF TAXES AND SPENDING CUTS

The House reconciliation bill raises gross taxes $327 billion over the next 5 years—$44 billion next year alone.

The major tax raisers include:

Increased individual income taxes, $115 billion;

A broad-based Btu tax, $72 billion;

A tax on Social Security recipients, $32 billion; and

Repeal of the HI wage base cap, $29 billion;

The House bill also reduces some taxes—$53.8 billion over the next 5 years—$11 billion next year alone.

The major tax reducers include:

R&E tax credit, $10 billion;

Small business expensing, $8 billion;

Modification of AMT depreciation schedules, $9 billion;

Empowerment zones, $5.3 billion; and

Passive loss relief, $2.7 billion.

On net then, the House bill increases taxes a total of $275.5 billion over the next 5 years—$32.7 billion next year alone.

Without getting into all the specific policies that back up these huge tax increases at this time, the American public and the Congress needs to understand that the total spending cuts and user fees defined as spending cuts—netting out the spending increases in the bill, which I will discuss later—total only $61.4 billion in this bill.

User fees in the reconciliation bill total nearly $16 billion.

As a result, real spending cuts in the bill total $45.8 billion.

Therefore, the House reconciliation bill if adopted will raise $6.35 in taxes and user fees for every $1 of spending cuts.

What is even more disturbing, the taxes come early in the five year reconciliation period and the spending cuts in the bill come later. So taxes and user fees will go up $35 billion next year, while spending cuts in the bill are only $1.7 billion. That is a ratio of $20.68 in taxes/user fees to only $1 in spending cuts.

TAXES

Everyone is aware that the House reconciliation bill assumes a new energy tax—the Btu tax. I will not discuss the concerns I have about that tax at this time. My position is well known already.

But just for the record, I wonder how well it is known that the House reconciliation bill reintroduces bracket creep. Indexing is postponed for 1 year for the top two individual income tax brackets. The tax threshold levels for the new and higher 36- and 39.6-percent tax brackets stay where they are in 1994, rather than being indexed.

I wonder how well it is generally known that the bill's income tax increases, both corporate and individual, are retroactive to January 1, 1993.

I wonder how well it is understood that the bill once again places new paperwork mandates and reporting requirements on businesses: requirements for employers to notify their employees of EITC availability, and numerous new reporting requirements and statements for other business organizations.

Rather than simplifying the Tax Code, the House bill continues to add to its complexities. New regulations and definitions to keep the tax lawyers in business abound.

The House bill requires the Secretary of the Treasury to issue regulations for at least 15 new provisions, three related to a minimal enterprise zone proposal.

The 400 pages of legislative language contain over 160 new definitions for taxpayers to contend and comply with. And the favorite of a reconciliation bill—at least eight new studies are mandated in the tax title alone.

SPENDING CUTS AND INCREASES

On the spending side the bill is scored as cutting spending over the next 5 years a total of $45.8 billion. But this masks the almost equivalent amount of new spending increases also found in this bill.

I will insert a table into the RECORD that presents the new spending found in this supposedly deficit reduction bill.

Including new authorizations in this bill, over the next 5 years a total of $42.6 billion in new spending would be created. Looking only at the new entitlement spending including expansion of existing entitlement programs, the bill will increase spending $38.8 billion over the next 5 years.

At a time when we are all concerned about controlling entitlement spending, this bill will actually create two new entitlement programs: a childhood immunization entitlement and a health care for illegal immigrants entitlement. While I may not be against the objectives of these programs, I certainly am opposed to creating another uncontrollable spending program.

In addition to these new entitlements, the food stamp program is greatly expanded, and new Medicare and Medicaid expansions are included in the bill.

Where there are scorable spending cuts, I think it is interesting to know that a number of these so-called cuts Congress has done before. Of the nearly $61.4 billion in spending cuts well over half—54 percent—come from nothing more than an extension of current law spending cuts that expire over the next 5 years.

As an example, the House bill rejected the President's proposal to permanently increase the part B premiums for Medicare beneficiaries. Instead the bill simply extends the current 25 percent premium for 2 more years. The House Ways and Means Committee has claimed savings from this provision seven times since 1982.

I ask unanimous consent that several tables pertaining to reconciliation be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

RECONCILIATION BY HOUSE COMMITTEE

[In billions of dollars]

Committee	Instructions	1994–98 submitted	Difference
Agriculture [1]	+4.3	+4.2	−0.1
Armed Services	−2.4	−2.3	+.1
Banking, Finance, and Urban Affairs	−3.1	−3.1	
Education and Labor	−5.8	−5.8	
Energy and Commerce	−64.5	−65.8	−1.3
Foreign Affairs			
Judiciary	−.3	−.3	
Merchant Marine and Fisheries	−.2	−.2	
Natural Resources	−2.0	−2.1	−.1
Post Office and Civil Service	−10.6	−10.8	−.1
Public Works and Transportation	−.3	−.3	
Veterans' Affairs	−2.6	−2.6	
Ways and Means:			
Spending	NA	−25.0	NA
Revenues [2]	NA	−275.2	NA
Total	−299.8	−300.2	−.4
Total reconciliation	−335.8	−336.8	−.1
Revenues [3]	NA	−275.5	NA
Spending	NA	−61.4	NA

[1] Includes food stamps authorization.

[2] Revenue increase shown as negative because it reduces the deficit.

[3] Includes revenue provisions from committees other than Ways and Means.

RECONCILIATION RATIOS

[House-reported bill, in billions of dollars]

	1994	1995	1996	1997	1998	1994–98
Spending reductions	−1.7	−4.5	−9.1	−14.0	−16.6	−45.8
User fees	2.3	2.6	3.9	3.3	3.4	15.5
Revenue increases	32.7	41.6	54.8	73.8	72.6	275.5
Ratio of taxes and user fees to spending cuts	(1)	(2)	(3)	(4)	(5)	(6)

[1] $20.68 to 1.

[2] $9.77 to 1.

[3] $6.47 to 1.

[4] $5.52 to 1.

[5] $4.58 to 1.

[6] $6.35 to 1.

Note.—Based on CBO/JCT estimates.

NEW SPENDING IN HOUSE RECONCILIATION BILL

[Deficit impact in billions of dollars]

Committee provision	1994	1995	1996	1997	1998	1994–98
DIRECT SPENDING						
AG: Food stamps	0.567	1.529	1.623	1.673	1.750	7.142
EC: Medicare expansions	.004	.006	.007	.008	.011	.037
EC: Emergency medical asst. for undocumented aliens	.300					.300
EC: Universal access to childhood immunizations	.315	.356	.347	.327	.322	1.667
EC: Other medicaid expansions	.073	.075	.086	.098	.111	.443
WM: Medicare part A expansions	.318	.162	.165	.029	.011	.685
WM: Medicare part B expansions	.050	.053	.057	.063	.054	.277
WM: Medicare parts A & B	.037	.049	.076	.094	.102	.358
WM: OASDI expansion	.004	.008	.008	.003	.001	.024
WM: FSLIC double dip	.136	.014	.029	.085	.100	.355
WM: EITC expansion	.339	3.735	6.895	7.191	7.518	25.678
WM: Child welfare services	.174	.132	.232	.367	.575	1.480
WM: Unemployment insurance	.165	.108	.020	.020	.020	.333
Subtotal direct spending	2.482	6.199	9.545	9.960	10.584	38.779
AUTHORIZATIONS						
AG: Rural telephone loans	.001	.005	.008	.011	.013	.038
EC: Grants for state registries	.026	.065	.105	.095	.060	.351
EC: Year 2000 health objectives	.202	.462	.612	.668	.692	.636
EC: Healthy Start	.025	.057	.077	.084	.088	.331
EC: Maternal and child health	.010	.017	.019	.019	.019	.084
EC: Miscellaneous health	.003	.003	.003	.004	.004	.017
PO: Payment to USPS retiring revenue forgone debt	.029	.029	.029	.029	.029	.145
WM: Medicare (subject to appns)	.061	.057	.030	.030		.178
Subtotal authorizations	.037	.695	.883	.940	.905	3.780
Total new spending	2.839	6.894	10.428	10.900	11.489	42.559

Source: CBO/JCT cost estimates.

USER FEES IN HOUSE RECONCILIATION BILL

[Deficit reduction in billions of dollars]

Committee provision	1994	1995	1996	1997	1998	1994–98
NEW FEES						
AG: Recreation user fees [1]	−0.006	−0.009	−0.009	−0.010	−0.010	−0.044
BK: GNMA REMICs fee	−.146	−.146	−.146	−.146	−.146	−.730
EC: FCC spectrum auction	−1.700	−1.800	−1.700	−1.000	−1.000	−7.200
NR: Irrigation water surcharge	−.010	−.011	−.011	−.017	−.018	−.067
NR: Recreation user fees [1]	−.040	−.061	−.072	−.076	−.078	−.327
PW: Aviation services fees	−.041	−.042	−.042	−.044	−.045	−.214
PW: COE recreation fees	−.013	−.018	−.018	−.018	−.018	−.085
WM: SSI administration fee	−.050	−.110	−.180	−.180	−.190	−.710
WM: BATF user fees	−.005	−.005	−.005	−.005	−.005	−.025
Subtotal new fees [2]	−2.005	−2.193	−2.174	−1.486	−1.500	−9.358
CURRENT LAW EXTENSIONS						
EC: NRC fees			−.378	−.389	−.402	−1.169
JD: Patent and trademark fees			−.111	−.115	−.119	−.345
MM: Tonnage fees			−.067	−.068	−.070	−.205
NR: Hardrock mining fees	−.041	−.041	−.041	−.041	−.041	−.205
NR: Net receipt sharing	−.035	−.039	−.041	−.042	−.044	−.201
VA: VA medical care reimburs	−.076	−.199	−.216	−.232	−.251	−.974
VA: VA home loan fees	−.143	−.118	−.122	−.126	−.124	−.633
WM: Customs user fees			−.750	−.820	−.850	−2.420
Subtotal extensions	−.295	−.397	−1.726	−1.833	−1.901	−6.152
Total user fees [2]	−2.300	−2.590	−3.900	−3.319	−3.401	−15.510

[1] Joint jurisdiction.

[2] Adjusted to exclude double—counting of joint jurisdiction items.

Source: CBO/JCT cost estimates.

CURRENT LAW EXTENSIONS IN HOUSE RECONCILIATION BILL

[Deficit reduction in billions of dollars]

Committee provision	1994	1995	1996	1997	1998	1994–98
DIRECT SPENDING						
AG: CCC, Triple base	−0.185	−0.394	−0.447	−0.452	−0.482	−1.960
AG: CCC, Crop assessments	−.016	−.030	−.014	−.008	−.008	−.076
EC: NRC user fees	—	—	−.378	−.389	−.402	−1.169
EC: Medicare: Outpatient	—	—	−.565	−.661	−.767	−1.993
JD: Patent & Trademark fees	—	—	−.111	−.115	−.119	−.345
MM: Tonnage fees	—	—	−.067	−.068	−.070	−.205
NR: Hardrock mining fees	−.041	−.041	−.041	−.041	−.041	−.205
NR: Net receipt sharing	−.035	−.039	−.041	−.042	−.044	−.201
PO: FEHB postal liabilities	—	−.116	−.116	−.116	—	−.348
PO: CSRS postal liabilities	—	−.231	−.231	−.231	—	−.693
PO: CSRS/FS lump sum	−.041	−.107	−2.130	−3.132	−3.400	−8.810
PO: FEHB prepay premium	—	—	—	—	—	—
VA: VA pensions/medicaid bfts	—	—	—	—	−.531	−.531
VA: VA pension inc. IRS match	—	—	—	—	−.136	−.136
VA: VA medical care reimburs	−.076	−.199	−.216	−.232	−.251	−.974
VA: VA drug copayment	—	—	—		−.079	−.079
VA: VA home loan fees	−.143	−.118	−.122	−.126	−.124	−.633
VA: VA FCL resale losses	−.007	−.006	−.006	−.006	−.007	−.032
WM: Medicare premiums	—	—	−1.212	−3.127	−3.739	−8.078
WM: Medicare, 2d payer	—	—	−1.005	−1.524	−1.746	−4.275
WM: Customs user fees	—	—	−.750	−.820	−.850	−2.420
Subtotal spending	−.544	−1.281	−7.452	−11.090	−12.796	−33.163
REVENUES						
WM: Individual income taxes	—	—	−1.700	−4.900	−6.200	−12.800
WM: Gas tax	—	—	−2.595	−2.670	−2.651	−7.916
WM: Corporate estimated tax	—	—	—	−4.300	−.900	−5.200
WM: Estate tax	−.475	−.512	−.553	−.598	−.647	−2.785
WM: Vaccine excise tax	−.147	−.154	−.154	−.139	−.133	−.727
WM: FUTA surtax	—	—	—	−.881	−1.208	−2.089
Subtotal revenues	−.622	−.666	−5.902	−13.488	−11.739	−31.517
Total	−1.166	−1.947	−12.454	−24.578	−24.535	−64.680

Source: CBO/JCT cost estimates.

Mr. DOMENICI. Mr. President, I conclude by simply stating the House of Representatives is about to take an important vote on the fiscal future of this country.

The House reconciliation bill when really analyzed is truly a tax bill. Front end loaded on taxes and back end loaded with spending cuts that are made up primarily of extending current law.

The House would do the country a service by defeating that bill and beginning again with a real deficit reduction package focusing on real spending cuts.

Mr. President, I rise to urge that the President of the United States abandon this plan and start over and seek to get bipartisan support so that together we can address the real issue of deficits and, that is, the towering growth of entitlements and mandatory spending.

We spend so much time around here talking about getting the deficit under control by controlling appropriated accounts when, as a matter of fact, there is no way that short of getting rid of all of them, all of the appropriated accounts, everything from the National Institutes of Health, to water and sewer grants, to education. Unless you got rid of it all, you could not get the budget under control.

Having said that—for there are Members of the U.S. House of Representatives who feel a little bit uneasy about the reconciliation bill that passed before the committee and is going before them—let me urge that they not only continue that uneasiness but they look at this bill.

Mr. President, it is 1,500 pages in length. I do not believe it has been filed of record—at least, it had not been the day before yesterday, and frankly it is very difficult to find out what is in it. But we have tried our best and we have found some rather startling things.

I hope every Member of the House has someone to help them look at it in depth, because I do not really believe the American people would sit by and watch this bill pass without sending an ultimatum to their Members if the American people knew what was in this bill.

Let me just use the chart first and say to every Senator here, as I see budget matters, all of the deficit reductions that we are going to get, except for defense cuts, some of which may be spent on other appropriated accounts, almost all the deficit reductions we are going to get is in this bill.

This year, reconciliation is synonymous with deficit reduction. Anyone who wants to come and argue about how much more we are going to get in savings, we will have that argument in due course, and I am certain the American people will understand that there is little or no chance that there is going to be any deficit reduction besides this huge bill consisting of 1,500 pages.

If that is the case, and I believe it is, because there are no mandatory controls over the other expenditures of this Government, except for 2 years, and they are the old mandatory controls of the 1990 agreement, they are not of this President or this Congress.

Now, here is what we find in this bill, I say to my friend, Senator PACKWOOD. Senator PACKWOOD and Senator ROTH and their committee are going to do most of this. The ratio of taxes and user fees to spending cuts in this big bill is $35 billion in the first year in taxes, most of which are retroactive—and you see this almost invisible little red line, $1.7 billion in real cuts in this year, spending cuts. That ratio is $20.68 in taxes in the first year for $1 in spending cuts.

Let us just quickly go right along. And here we have in the second year the result of this bill if it is totally carried out, not changed, $44 billion in taxes and user fees and $4.5 billion in cuts. That ratio is $9.77 to $1.

And let us just continue right along—and it does not get any better, Mr. President.

When you add it all up, there is $291 billion in taxes and user fees in this bill and there is the astronomical net cut in Federal spending of $45.8 billion.

I gave Senator NICKLES a wrong ratio yesterday. When we finished analyzing and subtracting and adding it, it is even worse than I told him. It is $6.35 in taxes for every $1 in spending cuts.

Frankly, unless someone is sitting around hoping against hope that we are going to find another way after this arduous ordeal, we are going to find another way to cut spending, it is going to be a whole new ball game to cut some more spending, I do not believe it. I believe this is the end of it. This is all we are going to get, and, if anything, the pressure for domestic spending after the 2-year freeze will push up the appropriated accounts because there is enormous pressure within them. And even if defense spending is coming down—and to put that in perspective—that is not going to greatly affect this ratio, but everybody knew spending in defense was coming down. That was not arduous or difficult for this President or those who want to cut spending.

So this is it, friends. When we are finished with this great exercise in deficit reduction, I believe it is fair for some of us who have worked on deficit reduction day in and day out—if people think Senator DOMENICI went along with everything Ronald Reagan wanted and President Bush; I mean, I actually had serious, serious reservations and departures with President Reagan, the same with President Bush, on deficit matters and I believe that entitles me to have differences with this President.

But the most important thing is he ought to start over. He ought to sit down and say the Republicans, through their leadership, want to meet and do something about mandatories and entitlements together, Democrats and Republicans. You cannot do it any other way.

Once you have locked these taxes in, $291 billion in net taxes, you are not going to take them off the books.

And, frankly, I believe the American people ought to be very skeptical about what is next because, as I said, there will not be another big deficit package, but I tell you there will be another huge tax package to pay for the health care program. I do not see any other way. Everywhere I look, the health care package is going to be a second round of taxes.

So, if there is a second round, it will not be cuts. It will not be reducing Federal expenditures, I say to Senator PACKWOOD. It will be some significant new tax on the American people to pay for the health care program.

So where are we? For anybody that thinks we are exaggerating when we say this is a tax-and-spend program, let me wrap this part up and move to five or six basic facts, and then I will sit down.

If you take these taxes as I have described them here and consider their retroactivity, consider the little tiny bits of cuts that come with it, how could you get the budget under control? You do not.

And I will give you one new fact. In the next 5 years, the spending side of the American budget in an era of restraint, in a budget deficit package that really was working, the domestic programs of this country in their totality go up, I say to Senator PACKWOOD, 572 billion in 5 years; slightly over $100 billion a year, most of which, seeing the occupant of the Chair, I must say, with real, real affirmation, is not the appropriated accounts of this country but rather the uncontrolled, unreformed mandatory entitlement programs of this land.

Now, having said that, friends in the House, you should know the following. I wonder if you know, and if we know in the Senate, that bracket creep is put back into the Tax Code.

Did Senator PACKWOOD know that?

Mr. PACKWOOD. I did not know that.

Mr. DOMENICI. For the two highest brackets, the two new high brackets we have just put back in the old law that actually ruined the taxpayers of this country and produced a fake tax divided for the American Government to spend by saying you do not stay at the same percentage, if inflation goes up 4 percent, you do not change, you do not change the level of taxation. So that means in a few years, if it went up 10 percent, you would add 10 percent and say that is the new amount of tax on top of 39 or 40 whatever it is.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. DOMENICI. Could I have 2 more minutes?

Mr. PACKWOOD. Does Senator DANFORTH wish to speak?

Mr. DANFORTH. Yes.

Mr. PACKWOOD. I have Senator DANFORTH and Senators GREGG, NICKLES and, I think, one other is coming, and we have to be done in 25 minutes.

Mr. DOMENICI. Could I just give you one more?

Mr. PACKWOOD. In 30 seconds?

Mr. DOMENICI. In 30 seconds.

How many people know that in this bill the income tax increases, both corporate and individual, are retroactive to January 1, 1993?

Mr. PACKWOOD. Very few people know that.

I would yield, as I indicated, 8 minutes to the Senator from New Hampshire. If there is any chance he could cut it, I would appreciate it.

I yield 8 minutes to the Senator from New Hampshire.

The PRESIDENT pro tempore. The Senator from New Hampshire is recognized for 8 minutes.

Mr. GREGG. I thank the Senator from Oregon. I intend to conclude my remarks in less time than that.

I thank the Senator from New Mexico for his remarks and for his always precise and rather devastating statement of what this reconciliation bill means in terms of new taxes: $6.35 of new taxes for every $1 of spending cuts. That is really an outrageous number.

What I want to talk about today is who is going to pay those new taxes. We are hearing about it is going to be the wealthy that is going to pay this tax burden of $6.35 of new taxes for every $1 of spending cuts. Well, it is not. It is going to be small business that is going to pay it.

Why is that important? Well, it is important because we are talking about the economic revitalization of this country. And what is the engine of economic revitalization? It is small business.

From the period 1980 to the period 1990, 4.1 million jobs were created in this country by small business. What happened with businesses with over 500 employees? They actually lost jobs. They lost 500,000 jobs.

There are 20 million small business people in this country today, representing 56 percent of the private work force. And of those 20 million small businesses, 80 percent of them are unincorporated or are partnerships.

Why is that important? Well, it is important because it goes to who is going to pay this tax. Because under this tax proposal, subchapter S corporations and partnerships end up getting a disproportionate share of the tax burden that is going to have to be borne here.

Why is that? Because they are treated as individuals. They are not treated as corporations. And they are hit with basically five major new events in their fiscal life which are going to penalize their economic prosperity and their capacity to be competitive.

First, the tax rate of a small business will go up from 31 percent to 36 percent, if they are subchapter S corporations and they have a level of income that qualifies.

Second, the wage on which their tax is calculated for the purposes of FICA and the hospital insurance portion of FICA will go up, and the cap will be taken off.

Third, if they have more than $250,000 of income, they will be hit with a 50-percent surtax.

People say, "Well, if they have $250,000 of income, they ought to pay the 10-percent surtax."

Let me remind you, we are dealing with small businesses. A small business can generate $250,000 of income simply by rolling over its income from one year to the next.

Let us take a dress shop. For example, a dress shop has $250,000 worth of income. The owner of the dress shop, the mom and pop dress shop, happens to make $250,000 in salary. If they roll this over into inventory next year under a subchapter S corporation, they are going to end up paying the surtax penalty under this proposal.

In addition, we have changed this law—not "we," because I certainly am not going to support it—have changed the calculation of the AMT, the alternative minimum tax, raising that rate from 24 to 26 percent, and for people under $75,000 to 28 percent. And as you tend to compress those differences between the AMT and the corporate rate and the individual rate, you end up with more people having to file, more people having to file an alternative minimum tax calculation. And anyone who has filed an alternative minimum tax calculation knows it is a nightmare. There is no small business person in the country who can fill it out without going to their accountant. That is an additional AMT cost. It can be expensive to a small business person.

In addition, we put a limitation on itemized deductions—"we" do not, the President does. The limitation on itemized deductions is extended, and that is going to cost small businesses money. And you have the other things, like the Btu tax, extending the gas tax, eliminating the meals. All those hit small business.

What does it total up for the small business persons in this country that they are going to have to pay in new taxes?

Well, it totals a tremendous amount. Quite honestly, if you take the rate increase, if you take off the cap on Medicare, if you take the surtax, you are talking about a 42.5-percent increase—

42.5-percent increase—in the amount of taxes which many small business people in this country are going to have to pay as a result of this bill.

So when we hear all this political babble about how it is going to be the rich and the wealthy who are going to pay this tax, let us remember that it is really going to be the small business people of this country who are going to pay this tax.

And that, in some instances, some small business people are going to be put out of business, and instead of creating jobs in the private sector through the engine of small business, this bill is going to significantly contract the capacity of small business to expand and be the engine of job creation today in this country.

It is just foolish to have targeted the real core of entrepreneurship in this country for the major burden of taxation in order to pay for this largess which this program proposes.

Really, what we should be doing is encouraging small business to expand, encouraging small businesses to create opportunity and to generate jobs. And the way you do that, of course, is by cutting the deficit the same way small business people have to deal with managing their businesses and that is controlling the spending side of the ledger. Limiting the amount of spending that is going on at the Federal Government is the way a small business would have to address the deficit if it had one, and it is the way we should be addressing the deficit.

There have been a number of very substantive and effective ideas put on the table by a number of people, including the Senator from Missouri, who is going to be speaking here in a minute, about how to go about limiting spending. Yet the President turns a deaf ear to this and, instead, has stepped off on this road of a massive tax increase, a large majority of which, as I have just mention, is going to fall on the backs of the small business people of this country, who are the engines for economic growth in this Nation—and that is a mistake.

I yield the remainder of my time.

Mr. PACKWOOD. Mr. President, I yield 6 minutes to the Senator from Oklahoma.

The PRESIDENT pro tempore. The Senator from Oklahoma [Mr. NICKLES] is recognized for 6 minutes.

RECONCILIATION

Mr. NICKLES. Mr. President, I compliment my friend from New Hampshire for an excellent statement, as well as Senator DOMENICI, from New Mexico. I hope, even though the hour is early this morning, the American people will have a chance to listen and find out what is in the bill Congress is getting ready to vote on this week, the so-called reconciliation package. Most people do not know what reconciliation means.

Basically, reconciliation is a set of instructions to Congress to report out a bill that will reduce the deficit. I hope the media will pay a little attention to what I am saying because I read in the New York Times this morning that President Clinton's package is balanced, that it has about as much spending cuts as it does tax increases.

That is not the fact. That is not the case. It is not the truth. Senator DOMENICI pointed out the House reconciliation bill, now reported, supposedly will reduce the deficit by $337 billion over the next 5 years; $291 billion of that is in tax increases and fee increases, $46 billion of that is in spending cuts. That is a ratio of $6.35 in taxes for every $1 of spending cuts.

I might mention most of those spending cuts do not happen until the fourth or fifth year, until after the next Presidential election. So there are almost no spending cuts in this bill. The tax increases are retroactive, as the Senator from New Hampshire mentioned, for persons and corporations, going back to 1991. They are going to be putting people out of business. Citizens are going to be getting notices next year that they owe a lot of money, money they did not expect to owe, money that was not withheld. Congratulations, Congress.

What about deficit reduction? Many of us would like deficit reduction, but we would like to see some balance and we would also like to see some truth in budgeting. We are bothered because we continue to see the media reporting that the President's budget is balanced because it has $1 in taxes for $1 in spending. The reconciliation bill, which the House will be voting on tomorrow and which we will be voting on soon in the Senate, is really front end loaded heavily toward taxes, tax increases that are five or six times as large any spending cuts. The American people need to know that. If you go to the American people and ask, "Do you favor deficit reduction?" they all say, "Yes." If you ask, "Do you favor deficit reduction by cutting spending or do you favor deficit reduction be increasing taxes 5 to 1 over spending cuts?" and you will find a resounding, "No." People will be upset about it.

Why is the President doing it? Why is Congress going along? In the Washington Post on May 14, the President stated he is very pleased the House Ways and Means Committee passed his tax plan. In his interview in the Washington Post he said, referring to his economic plan, "I think it will help the economy, bring in more revenues, and permit us to spend more."

Those are the President's words. Those are not words from DON NICKLES. Those came from President Bill Clinton. He wants to spend more.

I might mention I have a list of some of President Clinton's so-called investment proposals: $165 billion of new spending over and above the baseline, over and above inflation, for which President Clinton has asked Congress for more money: Earned income tax credits $16 billion. Head Start, $13.8 billion; health and AIDS initiatives, $12.4 billion; food stamps, $12 billion; national service—I would call it national servitude—$9.4 billion. I could go on and on. I will include it in the RECORD. This is $165 billion of additional spending that President Clinton is seeking over and above the baseline.

He also wants a lot more taxes to pay for this spending. He wants a Btu tax, he wants a tax on Social Security income, he wants to raise corporate tax rates, he wants to raise personal income tax rates. He wants to raise taxes, really, on all Americans, all income brackets, so he can have more money to spend.

Again, I want to clarify that the President's budget package is not balanced. The only way people can say his tax cuts equal his spending cuts is if they call Social Security tax increases a spending cut. I happen to have a father-in-law who says when you raise Social Security taxes 50 to 85 percent, that is a tax increase. The Government is going to take an extra $100 a month out of his check, out of his retirement income.

People who are using those funny numbers are also counting user fees as a spending cut. It is not a spending cut, it is a tax increase. They also forgot to count $54 billion of new spending. In other words, they talk about spending cuts but they forget to include spending increases over the same period of time. Then they give themselves credit for $59 or $60 billion of interest expense and call that a spending cut, therefore getting close to a 1-to-1 margin of taxes to spending cuts.

The facts are as presented by Senator DOMENICI, that the reconciliation bill the House is going to be voting on Thursday and we will be voting on soon in the Senate has $291 billion of new taxes and user fees, and $46 billion of spending cuts. That is a ratio of $6.35 in taxes for every $1 of spending cuts. That is not balanced. That is not equal. That is not fair. It will jeopardize this economy. It will put people out of work in West Virginia, Oklahoma and the rest of the Nation. It will raise costs for agriculture and the transportation industry. I do not think it is balanced, and I hope my colleagues will defeat it.

Mr. President, I yield the remainder of my time to the Senator from Oregon. I ask unanimous consent to have printed in the RECORD the tables that I referred to.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

President Clinton's Investment Program

[Outlays in billions above baseline levels]

	Fiscal years 1994-98
New spending:	
Earned Income Tax Credit (Outlays)	16.072
Head Start	13.846
Health & AIDS Initiatives	12.433
Food Stamps	12.000
National Service	9.430

Education Reform	9.236
Federal Aid Highway Program	7.018
Dislocated Worker Assistance	6.598
Clean Water Act Funds	4.366
WIC	3.634
National Science Foundation	3.397
Government Automation	3.384
VA Medical Care	3.336
Crime Initiative	3.216
Low Income Home Energy Assistance	2.945
JTPA Summer Youth	2.662
Extended Unemployment Compensation	2.400
Safe Drinking Water Act Funds	2.168
National Institute of Standards	2.111
Mass Transit	2.073
Environmental Protection	2.069
CDBG	.430
Subtotal, major provisions	124.823
Other provisions	40.232
Total new spending[1]	165.055

[1] Total New Spending on President Clinton's investment program taken from the appendix of President Clinton's fiscal year 1994 budget request. Individual program totals taken from "A Vision of Change for America."

RATIO OF TAXES TO SPENDING CUTS—WHO'S RIGHT?

	Republicans	Add interest	Move user fees	Reclassify social security taxes	Don't count new spending	Democrats
Gross taxes	$336			$-32		$304
User fees	18		$-18			0
Tax cuts	(64)					(64)
Net taxes and fees	291					240
Spending increases	(54)				+54	0
Spending cuts	156	$+59	+18	+32		265
Net spending cuts	102					265
Ratio: Taxes/cuts	3					1

Note.—Items which increase the deficit are shown in (parenthesis).

5 TO 1, TAXES TO SPENDING CUTS

Budget reconciliation, 1994–98	Budget resolution	House reported
Gross new taxes	$336	$329
Tax cuts	(64)	(54)
User fees	16	16
Net new taxes and fees	288	291
Total spending cuts	55	46
Total new taxes, fees and spending cuts	343	337
Ratio of taxes to spending cuts	5.24	6.35

Note.—Based on Senate Budget Committee minority analysis.

Mr. PACKWOOD. I yield 6 minutes to the junior Senator from Missouri.

The PRESIDENT pro tempore. The junior Senator from Missouri [Mr. BOND] is recognized for 6 minutes.

READY, FIRE, AIM SAGA AT THE WHITE HOUSE

Mr. BOND. Mr. President, my sincere thanks to the Senator from Oregon. I want to address the ready, fire, aim saga we have been witnessing at the White House.

As I trust all of us know by now, last Wednesday, seven long-time travel office employees were notified by White House staff they should clear out their desks and be gone by noon. The travel office handles both the charters and advance work for the press corps, advance particularly in foreign travel, as well as the basic travel agency work needed for any White House staff travel. One week ago, White House official David Watkins called five employees in for a 10 o'clock meeting and informed them they were going to be "revamped and reorganized" out of existence. The two missing employees were overseas in one case, and the other was on vacation. They left quietly and with no inkling of what was to come.

Yet later that same day, press Secretary Dee Dee Myers said "gross mismanagement" and "shoddy accounting procedures" were the reasons behind the dismissals and did not allege "personal misconduct," although, she said, the FBI had been called in. This was the first time the fired staff had heard about criminal conduct, allegations or FBI checks.

The Clinton campaign's travel agency, Worldwide Travel of Little Rock, was tapped to handle—they say on an interim basis—the staff travel, reservations, and other responsibilities.

They were to have an office in the EEOB staffed by their people, and this contract was not competitively bid.

Catherine Cornelius, the 25-year-old cousin of the President, was named to take over the White House travel office. Two other political employees will also be assigned to the office, according to a record in the May 20 Washington Post, and they will handle the press charter portion of the work.

The administration claims this was done to ensure competitive bidding for these charters, but reports make it clear that the President's long-time friend and supporter, Hollywood producer Harry Thomason, who has an office in the Executive Office Building for his own use—which also raises some questions—had complained that charter companies he was aware of were not getting any business.

Now it has become clear that he has a financial stake in a charter company who may want in on the business. And now we find that the president of Air Advantage, a charter used by the Clinton campaign, has volunteered to work in the travel office to help solicit and take bids for charters.

I have also heard quite a bit about the supposed Peat Marwick audit of May 14 and 16, but I am still waiting for a response I sent last week which asked for the report plus answers about the choice of the Little Rock travel agency. Now questions have arisen as to the Peat Marwick audit team. Was it headed by someone already on board in the White House as part of the Vice President's review of the Government team. Was this audit initiated as a result of a request for proposal, a standard procedure for instituting outside work of an accounting office or auditing agency to assist the Government.

David Watkins, who actually did the firing, initially said that the Worldwide Travel choice was interim and that it would be competitively bid soon, although no mention of when.

Now it turns out that he was affiliated with Worldwide Travel, and given that he is the one who will decide on any future bids, certainly there are questions as to whether he was likely to change his mind once they got in and got started.

Perhaps the White House finally figured this out, as now Worldwide Travel has been dropped, to avoid the appearance of impropriety, is the White House line. But even more questions have come up now, not the least of which is using Air Advantage to help choose who will get the bids, an inappropriate use of an outside contractor.

But we ought to spend a minute or two thinking about the memo. This was the President's cousin's memo of February 14 to David Watkins. Mr. Watkins now said while he received it, he never read it. Well, perhaps. But it is passing strange that the basic memo said: Fire the staff, put me in charge of charters, and then get Worldwide Travel out of Little Rock to handle the rest. This way we can better coordinate with the Democratic National Committee and we will not be so pro-press.

What happened? Well, the travel staff was fired with the twist of adding charges of gross financial mismanagement, the President's cousin was put in charge, and Worldwide Travel was chosen. So there we have it. Harry Thomason is happy; the President's cousin is happy; Worldwide Travel is happy.

But that is not the end of the story. In fact, it is just the beginning. For now we find that the Attorney General was out of the loop when the FBI was called in. Worldwide Travel has been taken out of the loop and that five of those who were charged with gross financial mismanagement were not really fired at all. They were just told by the White House that the administrative leave has been extended. They were not told they were being put on administrative leave. The White House did not say when it was to expire or when it had been extended to, only that, contrary to their earlier statements for the past week, the folks were not really fired at all.

So what is really going on? Who is in charge? Mr. President, I think when we talk about reinventing Government, we should not be reinventing it to return to patronage statehouse politics.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. BOND. Mr. President, I ask my colleague if I could have 2 minutes.

Mr. PACKWOOD. I cannot. We are up against a deadline. Senator DANFORTH has to comment on the budget.

Mr. BOND. Mr. President, then I ask unanimous consent to print in the RECORD several questions which I would like to have answered before we act on the appropriations for the White House.

There being no objection, the questions were ordered to be printed in the RECORD, as follows:

QUESTIONS

Why was the FBI asked to change their statement?

Why wasn't Attorney General Reno informed of the use of the FBI?

Why did the White House release the FBI's statement rather than let the FBI release it?

Why were the employees fired without any opportunity to know about the potential charges—much less defend against them?

What kind of financial arrangement was there between Worldwide Travel and the travel office? Were any contracts signed? For what duration?

Is Worldwide Travel owed any money from the campaign?

If another outside travel agency is brought in, will they be on call 24 hours a day as the current office? Will FBI checks be needed for any employees for security purposes?

What is the current status of the five employees called by the White House and told that their administrative leave had been extended? Will they be given an opportunity to review charges against them? Are any charges pending against them?

When will the internal review be completed? And how can a decisionmaker in the process be expected to conduct an independent review?

If no misconduct is found, will the White House make an effort to clear the employees and either reinstate them or help them relocate?

And most important of all, why didn't anyone in the White House question the impropriety of the entire affair—before it happened?

Mr. PACKWOOD. Mr. President, I yield the remainder of the time we have to Senator DANFORTH.

The PRESIDENT pro tempore. The remainder of the time being 9 minutes, the Senator from Missouri [Mr. DANFORTH] is recognized for 9 minutes.

DEFICIT REDUCTION PROGRAM

Mr. DANFORTH. Mr. President, last week Senator BOREN, Senator JOHNSTON, Senator COHEN, and I offered our suggestion for the best way to go about dealing with the terrible problem of the budget deficit. I would like to describe for the Senate the reasoning that went into the program that we announced last week.

The first principle that was agreed on by the Senators who were part of this effort was that we should propose a deficit reduction program which was at least as good in total deficit reduction as the President's program and as the budget resolution that has been adopted. We met that target. In fact, we exceeded that target by some $46 billion.

Then the second premise was that in addition to at least matching the target that had already been set for deficit reduction, the ratio of spending cuts to tax increases should be dramatically changed from the program that was before us. We have heard speeches already this morning describing what the ratio, in fact, is. There are various analyses of that ratio. Most everybody agrees that it is somewhat less than $1 of spending cuts for $1 of tax increases. Some say it is 2 or 3 or 4 to 1 in tax increases over spending cuts. We believed that the figure given by Leon Panetta, now the Director of the Office of Management and Budget, during his confirmation hearings should be the target that we shot for; that is, we thought the best program, as far as the economy was concerned, was to have at least $2 of spending cuts for every $1 of tax increases.

The third general principle that we agreed to was that entitlement programs must be controlled. It was our view that it was not possible to come up with the necessary numbers for spending cut reduction without controlling the growth of the entitlement programs, the automatic programs in the budget that do not require appropriations.

These entitlement programs have been the fastest growing part of the Federal budget. They have grown from about 30 percent of the budget in the 1960's to about 50 percent of the budget today. And in 10 years, on the present growth pattern, the entitlement programs will constitute just short of 70 percent of the Federal budget.

Under the budget resolution that has been adopted, nothing of significance is done to control the growth of the entitlements. And, as a matter of fact, under the budget resolution over a 5-year period of time, the entitlement programs will grow by 25 percent.

It was our position that as difficult as it is to take on the entitlement programs, they are uncontrollable today, they are growing at an enormous rate and that the entitlement programs have to be reined in.

We have some further points of agreement. We agreed that we should reduce the tax burden in the President's program, and we agreed on how we should do it. There were two specific points that I think deserve special attention this morning.

The first is that the so-called Btu tax, the energy tax, should be deleted from the program. A lot of newspaper commentary on this proposal of ours said, well, two of the Senators are from oil-producing States, so that is obviously the reason that the Btu tax was deleted in this program. That is really not correct. Two Senators were from oil-producing States, but my State of Missouri is not an oil-producing State and the State of Maine, which is represented by Senator COHEN, is not an oil-producing State.

We believe that the Btu tax should be deleted not because we are from oil-producing States, but rather because we think the Btu tax is bad for our economy.

It is a very regressive tax, and beyond that it is a tax on the production of goods manufactured in the United States. It is a tax which is particularly injurious to America's competitive position. That was really an easy decision for all four Senators. The Btu tax must go.

The second easy decision, but it has received a lot of comment on the press, was that we should delete the repeal of the cap on the payroll tax for health insurance that was proposed by the President.

Now, the way that has been written up by the editorial writers was, well, this was a desire on the part of the four Senators to provide a tax break for the rich. That is why they wanted to delete that idea of doing away with the repeal of the cap on the payroll tax.

Mr. President, if we wanted to help the rich, we would have reduced the tax rates. We would not have done this. The reason we did this, the reason we made this suggestion was not to help the well-to-do but to help the small businesses of this country, because the problem with doing away with the cap on the payroll tax is that the effect is to tax 100 percent of the earnings of unincorporated businesses. So that individual proprietorships and partnerships would have all of their earnings subjected to the HI tax under the program that has been suggested by the President.

We thought that small business is the big growth area in this country, this is the job-producing part of our economy, and this was just too hard a hit on the small businesses, on the unincorporated businesses, and that that part of the President's program should be abandoned.

There were also some similarly held views among all the four participating Senators in the area of the entitlements. The first had to do with the annuity programs, including Social Security, the so-called third rail of American politics. And we said that the first $600 a month should get the full adjustment for inflation, but after the $600 a month it should be the Consumer Price Index minus 2 percent.

For the average Social Security beneficiary, that means $1 per month. Now, people say, well, we should not touch them at all. This should just be totally off limits. That is the conventional political position. It is a justified position. As a matter of fact, Social Security does stand on its own merits. It is a separate trust fund.

Why did we make this proposal, Mr. President? We made it simply because we have a national crisis, and we believe that when the question is really put to the senior citizens of this country, they, too, would be willing to make a modest contribution for the sake of their grandchildren. That is really what the question is.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. DANFORTH. Mr. President, I ask unanimous consent that I be given 1 more minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears no objection. The Senator is recognized.

Mr. DANFORTH. Mr. President, on the other point relating to the control of the entitlement growth, also there was no real difficulty in reaching conclusions among the four Senators. But let me conclude by making just two additional very short points.

We agreed among the four Senators that whatever is done about the budget deficit has to be bipartisan. The gridlock in this country is not just caused by Republicans, and it is not just caused by Democrats. It is caused by people who are afraid of the next election. And we believe that Republicans and Democrats absolutely have to get together in a common approach in order to deal effectively with the budget deficit. Ours is the first effort in a bipartisan approach.

The second point we thought about was that there are really only three alternatives which are now before the country: We can either raise taxes, or we can control entitlements, or we can simply forget about the budget deficit and let the country get weaker and weaker and weaker.

We believe that controlling entitlements and some increase in taxes is the best approach for America.

The PRESIDENT pro tempore. All time under the control of Mr. PACKWOOD has expired.

ORDER OF PROCEDURE

The PRESIDENT pro tempore. Under the previous order, there will now be 45 minutes under the control of the Senator from South Dakota [Mr. DASHLE] or his designee.

Mrs. BOXER addressed the Chair.

The PRESIDENT pro tempore. The Senator from California.

Mrs. BOXER. I ask unanimous consent that I be Senator DASCHLE's designee for this time.

The PRESIDENT pro tempore. The Senator will be so recognized.

BUDGET RECONCILIATION

Mrs. BOXER. Mr. President, I have listened very carefully to my Republican colleagues this morning, and I will say they are certainly filled with spirit. They are angry. They are spirited. But, with the exception of one of the Senators, they have offered nothing to lead us out of the fiscal mess in which we find ourselves.

Yes, they have launched a very spirited attack against the President's economic plan, and they are quite worked up about it, Mr. President, as you can see. I respect my Republican friends, and I respect their opinions. I respect their right to speak out in a spirited way against this plan. But I have to ask a few questions.

Where was this spirit, Mr. President, when you led the fight for a jobs bill for our people? Where was this spirit for our people and their families? Where was the spirit for America's children, who would have been so much better off if we had passed the jobs bill? And I would have to ask, Mr. President, Where was this spirit as Presidents Reagan and Bush borrowed and spent our deficit from $50 billion in 1980 to $300 billion at its peak? Where was this spirit, Mr. President, when the national debt went from $1 to $4 trillion?

It was not there, Mr. President. I served in the other body, in the House, for 10 years, and somehow I did not see this anger as that deficit rose. I did not see this anger as our children went into poverty. I did not see this anger as our families saw their incomes level off and drop.

I did not see this anger from my Republican friends because they were happy with the way things were going. The wealthiest among us saw their incomes rise 115 percent in that decade of neglect. Republicans liked that just fine. And that is when I find that my Republican friends are at their happiest, when the wealthiest Americans see their incomes rise. And, average incomes did rise during the Reagan-Bush years. They went up from $314,000 in 1977 an average to $675,000 in 1992.

So, yes, there will be changes. The American people voted for change. The American people said enough is enough. CEO's, Mr. President, getting million-dollar bonuses. Enough is enough. Feathers are being ruffled, and suddenly we see spirit on the other side of the aisle which we have not seen in a long time.

But, for the most part, we have heard nothing but criticism. Yes, we heard the Senator from New Mexico, who is a real leader in deficit reduction, offer to sit down with the President. But I believe the time for sitting down has passed and the time for action is now.

This reconciliation bill should and must be passed. We all know this economy is in trouble. It is easy to point fingers and blame, but we know now that we need to reduce this deficit and make sound investments in our people.

We do know this is going to mean some very, very tough choices—choices that I do not like, Mr. President; choices that you do not like, I am sure; choices that many of us hate to make. But I think there is one choice we cannot make, and that is we cannot do nothing. If we continue on the present course, it is clear we would see deficits in 10 years in excess of $600 billion and ruination for our country.

We have a President who has brought that home to Americans. That is the irony of all this. He has brought it home to Americans, and yet he is criticized by the other side of the aisle for not doing enough about the deficit when they, over all those years, never got excited or angry about the kind of increases we saw in the deficit.

We have just come out of a decade of neglect. We saw the people in the middle getting squeezed and the rich getting richer and the poor getting poorer. We just came out of a decade of politics of greed and divisiveness. And the people watch the deficit and the interest on the debt rise, and they see now a very weak economy, and, yes, consumer confidence is down. Of course it is down. When we bicker here, when the forces of delay and filibuster rear their heads again on this floor, of course consumer confidence is going to be down.

This is not a time to be proud of, but we can turn it around. We can move this country forward. We need to revive this economy. We need to take bold steps, and President Clinton has presented us with a plan to do that. It is the most ambitious deficit reduction plan in history. I believe, Mr. President, it has been distorted on this Senate floor. People say 6 to 1 taxes over spending cuts. Those are not the numbers that I have been given. The point is we know we cannot tip the scale too far in any one direction. If we put too much on the tax side, we will hurt the middle class. If we put too much on the spending cut side, we will lose more jobs and sink into a deep recession. It is a very delicate economic balance, Mr. President. It is like a puzzle. The pieces must be kept intact.

So when we talk about the President's plan, we need to talk about it as a whole. And, again, I must say, I would write it differently. Other Members of the Senate would write it differently. But we have one President, and his plan deserves a chance. Ronald Reagan's plan got a chance. George Bush's plan got a chance. I did not see Democrats stopping their plan. We criticized it. We said it would lead to deficits. We said it was too generous to the wealthiest among us, those earning over $300,000. We said that, Mr. President. I think we were right. But those Presidents got their chance. People liked what President Reagan did and they reelected him. They did not like what President Bush did, and they turned to President Clinton.

We can look at the polls, and polls will go up and down. But, Mr. President, polls are not what leadership is about. Leadership is really about making choices. It is about standing up when the going gets tough. It is about not tearing things down without offering something in its place. We have a chance to show that kind of leadership, as tough as it may be. If we continue this debate and this tearing down, my own State of California will see its unemployment rate stick at an unacceptable 9 percent. That is too much suffering, Mr. President. We cannot afford to continue to see this economy faltering. We would have failed the people we were sent here to represent.

President Clinton said it over and over again. If you have a better idea, put it on the table. We did have a group of five—some Democrats, some Republicans—put an idea on the table. That is fine. But if you really look at it, that plan hurts the poor. That plan hurts the middle class. That plan hurts the elderly through cuts in Medicare. When we compare it to President Clinton's plan, it does not match up.

We know that we are going to have to look at Medicare. When Congress considers health reform, we will look at Medicare. But let us not do it in a vacuum. Let us look at Medicare and Medicaid in the context of a comprehensive health care reform package. That debate is coming soon.

Now it is time to focus on the comprehensive plan that is before us. We need to focus on the only plan that meets this Nation's challengers head on. It is the only plan that really acknowledges new priorities. Yes, we can criticize the plan and debate it, but let us move on with it, Mr. President.

The President's plan will reduce the deficit by almost $500 billion over 5 years. It will do so with a delicate combination of spending cuts and tax increases. You will hear squawking and complaining that there will be tax increases and you will hear squawking and complaining that some spending priorities are taking a lower peg on the ladder. You will even hear those on the other side of the aisle defend the mohair subsidy. Many of those who defend it are those who say we have to cut more spending, but not in my backyard, not the mohair subsidy. As I have heard Senators say that my Texas goat ranchers would not like to lose their subsidy. The mohair subsidy goes back to the war years, Mr. President, when we needed wool for the uniforms of our fighting men. This subsidy is out of date. We hear a lot of people say we have to do away with the sacred cows. I say do away with the sacred goats while we are at it. Yet even with these other subsidies, you will hear those on the other side of the aisle who keep complaining that this President does not cut enough spending. They keep speaking out for these kinds of subsidies for their own backyards. It is time to put all that aside. We tried that strategy in the eighties. It did not work.

President Clinton proposes to cut spending by $175 billion. Roughly $60 billion of these cuts are in entitlement programs, and those cuts are not easy. These are tough choices, and President Clinton has made them.

And the taxes. I want to talk about the taxes. Not one Senator or one Member of Congress wants to raise taxes. It is not pleasant. It is not happy. You do not get rewarded for it. It hurts you. But once in a while you have to do something tough.

Again, during the last decade, wealthy Americans saw their average income skyrocket from $314,000 in 1977 to $675,000 in 1992, a 115-percent increase in their incomes. I ask you who paid the price for that? I say the middle class. The middle class was hit by taxes, and they found themselves working harder and making less.

But this time, as we look at these sorry deficits, we must look at fairness. And this President has done so. Yes, he says it is time that the wealthiest among us pay their fair share of the burden. Mr. President, I know people in my State who did very well in this last decade, and they want to help.

I am not saying they are going to sit down and write a check on their own to lower the deficit, but they are ready and willing to see their tax rates go up a little. And I know that my friends on the other side of the aisle get very upset at this thought. They like the trickle-down theory. They believe that if you give to the wealthiest, then, hopefully, the crumbs will eventually wind there way on down to everybody else. They think that with trickle-down economics we will all become richer and better, and the deficit will go down. They think that spending us into prosperity is the answer.

But what did the wealthy Americans do with all the money they made in the 1980's? Many of them used it to buy up companies and then break them apart, costing many Americans their jobs.

So it is time that we see a fair tax bill. And, it is time that those who benefited the most in the 1980's pay their fair share. I think that is what you will see in this President's tax program. Seventy-five percent of President Clinton's proposed tax increases fall on those who can afford to pay more. And, these Americans will feel better when they see our children doing better; they will feel better when they see our families doing better; they will feel better about this country when every one is brought along.

Mr. President, that is what America is about—bringing everyone along. We do not guarantee things for people we do not guarantee certain results, or guarantee money. But we should guarantee people a chance, an opportunity. To do that, we need to make investments in the American people, and that is what the President does.

The President has even offered to set up a deficit reduction trust fund so that we are sure that increased taxes will go toward deficit reduction.

Yes, the President must raise some taxes. Yes, he increases some spending. But, we need to increase spending in some cases in order to invest in our people. In order to invest in our industries, so that we will have prosperity in the future. With President Clinton's economic plan, the deficit will come down from 5 percent of GDP to 2.5 percent of GDP. That is what is important, the percentage the deficit is of the gross domestic product. It must come down in order for Americans to be competitive.

So, let us resist the easy answer of tearing everything down, Mr. President. The time is past for that. Let us resist the answer of hitting our elderly, as the so-called bipartisan compromise does. Let us adopt the basic concepts in the President's plan. It is going to go through committee; it is going to change. But we must begin to move forward with the President's plan. I believe the plan is a blueprint for fiscal responsibility and sound investment. I think it will bring us closer to reversing a decade of neglect of our people, and our children, and to reversing a decade of fiscal irresponsibility.

Mr. President, I yield the remainder of the time to the Senator from South Dakota.

The PRESIDENT pro tempore. The Senator from South Dakota [Mr. DASCHLE] has 27 minutes 18 seconds.

Mr. DASCHLE. Thank you, Mr. President.

Mrs. BOXER. Mr. President, before the Senator begins, I wanted to mention one thing to him. First, I want to thank him for organizing this morning.

I wanted to mention that one of our colleagues was deriding the reconciliation bill, saying it was more than 1,000 pages, as if this was something unusual. So we did a little research and found out that in 1987, the Ronald Reagan reconciliation bill was 1,100 pages; and the George Bush reconciliation bill was 2,000 pages; and in 1990, it was 1,100 pages. I thought it was important to put that on the record.

THE PRESIDENT'S ECONOMIC STRATEGY

Mr. DASCHLE. Mr. President, that is important, and I thank the distinguished Senator from California. She is an articulate advocate for her State and, once again, has enlightened us with her description of the reconciliation package and the need for it. I appreciate very much her willingness to come to the floor this morning, as she has, and as she does so often, to represent not only the interests of her people, but the interests of this country, as she articulates what so many of us have also attempted to describe as an important part of the President's economic strategy.

Mr. President, I, too, come to the floor this morning to talk about this reconciliation package, and I begin by reading the following list: The Advance Screw Products Corp.; Acme Manufacturing Co.; the American Lawn Mower Co.; Chicago Flame Hardening Co.; Clark Grave Vault Co.; Embalmers Supply Co.; the National Association of Band Instrument Manufacturers; Phillips Petroleum; the Salt Institute; and perhaps my personal favorite, Republican Engineered Steels. That is right, Republican Engineered Steels, Inc. Ten companies and ten more reasons that America has a $4 trillion national debt.

Each of those companies has just signed on as a member of the Affordable Energy Alliance, which boasts that it has 823 members, all opposed to the Clinton economic plan because they do not like the Btu tax. So the list represents not just 10, but 823 more reasons that we have a $4 trillion debt.

Then there are a few thousand millionaires. They hate Clinton's tax on millionaires, so that is a few thousand more reasons why we have a $4 trillion debt. Add some city people who do not like the President's cut in city programs, and military people who do not like the cuts in defense spending, and you get the point.

Nobody likes to have their programs cut, their taxes increased. There is just one problem—after all of the complaining, after all of the reasons stated by so many of our colleagues and so many of these companies about why we cannot do this, why we cannot do that, why we can never do anything to govern effectively, or deal with what people tell us is a serious problem in this country, getting worse and worse and worse—everyone has just one reason why this or that plan is unfair, ineffective, and not worthy of our support. And the bottom line is that, today, we have a $4 trillion debt.

That is up from $1 trillion just 12 years ago, as now everybody knows. It is a disaster of the first order. We all know that, too. We all know that it does not matter who is the President or what the deficit reduction plan is. Nobody is going to like it. Pain does not have a constituency. There is no constituency out there for taking programs away, or for adding taxes. But it is time to get real. If we want to cut that $4 trillion deficit, then all of us are going to have to take a little pain. There is no plan in the world that is not going to be attacked by the affordable energy alliances of the world. But we ought to at least be honest about the price we pay if we toss the President's package into the dumpster. If his plan is defeated, it will add almost $4,000 to the average family's share of our national debt over the next 5 years; to avoid that $4,000 debt burden would cost the same average family about $488 in additional taxes over the next 5 years. That is $488 in taxes to save $4,000 in new debt.

That is the difference. That is our choice. We can add 4,000 dollars' worth of debt, or an average family over the next 5 years may have to absorb $488 in taxes. That is less than $10 a month. Sometimes I wonder if the facts about any deficit reduction plan really matter. Are the facts persuasive to anybody? Does anybody look at that and say, oh, and the light goes on and somebody comes to the realization that maybe it is worth some kind of an investment, a $488 investment, at the end of 5 years for a $4,000 per family deficit reduction plan?

Two facts really do matter, whether or not that argument is persuasive. The first is, as I said, that it is only going to get worse. That $4 trillion debt is expected to be $7.5 trillion by the year 2003 if we do nothing—$7.5 trillion if we do nothing. Everybody can come up with their plan to do something. The President has provided his. That means that without a change in the Federal Government's current policies, the amount of publicly held debt every man, women and child owes will more than double from $12,941 in 1993 to $26,595 in the year 2003.

So that $4,000 figure I used for the next 5 years is nothing compared to what it will be in the next 10—$26,595; that is the price tag. That is what we could have to look forward to.

The amount a family of four owes on publicly held debt will more than double, from $51,000 to $106,000, in the year 2003, nearly the level of the average home mortgage in 1992—$106,000. I do not know about West Virginia, which the Presiding Officer so ably represents, or California, but I do know this: In South Dakota, you can still buy a pretty nice home for $106,000. By the year 2003, your choice may be buying that home or coming to grips with the fact that we now have a debt that is larger than the value of most homes in my State. That could be the choice in 10 years if we do nothing now.

Publicly held debt as a percentage of GDP will increase from 53 percent in 1993 to 77 percent in the year 2003.

I have heard the President pro tempore talk about putting the debt in concrete terms, and I think that is the only way we can fully appreciate our situation. I am told that a $7.5 trillion debt means that, in $1 bills placed end to end, it would stretch 697.5 million miles, from the Earth to the Sun and back, 3½ times. And paid off at the rate of $1 million a minute, it would take 14 years and 3 months to pay off this debt. To pay off the debt at a rate of $1 million a minute, it would take 14 years and 3 months. That is of our fiscal situation.

So, if we do nothing, we are talking about a debt—just so everybody understands, that, placed end to end, would take us to the Sun and back 3½ times. That is what this debt is all about. That is why this plan is so important.

Sure, we can find ways to tear it apart. Sure, we can come up with our own ways to make it better. But that is what leads me to the second fact.

The second fact is that we have just one President. He has been in office now for 4 months. He is the first President in a long time who has had the courage to bite the deficit reduction bullet.

So if we allow Republican Engineered Steel, and all the thousands of other special interests that do not like this plan, to kill it, believe me, it is going to be a very long time before this President, this Congress, or anyone else sticks their necks out on a budget deficit plan the way this President has done.

We can make a lot of easy political points today, but when we finish, remember these two facts: The deficit is not going to go away; it is only going to get worse. And no other plan will be easier to pass than the one the only President we have presented to us and has proposed. Those are the facts.

We can sit here and do nothing. But doing nothing has consequences beyond those I believe most people have considered today. Unless we change current fiscal policies, in 10 years the net interest payment on the Federal debt held by the public will go from $198 billion in 1993 to $437 billion in the year 2003, becoming far and away the single biggest part of the Federal budget. That means that we will have increased the debt as a percent of GDP to 4.5 percent. It will be, as I said, the costliest Government program of all. We will see it go from 13.6 percent in total spending in 1993 to 17 percent of total spending in the year 2003.

Mr. President, we really have to look at the consequences here. These are very difficult times, but if we choose to do nothing, they can only get worse, can only become more complicated, can only become far more onerous to us in the future.

Obviously, it is important that, as we attack this problem, we try to work in a bipartisan spirit. I am told that there are those on the other side who would support revenue increases of some kind if they were tied directly to the deficit. It is important to emphasize, as I think has been emphasized over and over again, that every dollar in revenue increases in this plan, every single dollar, goes to deficit reduction. Over the next 5 years, there is $1.21 in spending cuts for every dollar of tax increases in the budget resolution. In 1994, the budget resolution has 97 cents in spending cuts for every dollar of tax increases. In 1995, the budget resolution has $1.07 in spending cuts for every dollar in tax increases. In 1996, the budget resolution has $1.10 in spending cuts for each dollar of tax increases. In 1997, the budget resolution has $1.18 in spending cuts for each dollar of tax increases. In 1998, the budget resolution has $1.54 in spending cuts for each dollar of tax increases.

Let me emphasize that: $1.21 in spending cuts for every dollar of tax increases. And that ratio could become even more dramatic as we continue to negotiate with active participants in this reconciliation process.

I want to see more cuts. I want to see ways in which to reduce the deficit even faster. I want to find a way in which to reach a consensus with liberal and conservative Members alike in this Chamber. That is the only way we are going to get it passed. And if it takes more cuts to do so, let us do it. Let us find a way to do it.

But to say categorically we are not going to be a part of it—which some of our colleagues on the other side of the aisle have said—to say categorically there is no way they are going to participate in this process that we have all talked about as being the most important thing we can do in Government today seems awfully disingenuous.

So I think we have a responsibility here to act constructively, to act in a nonpartisan fashion, to find a way to deal more effectively with the problem that we have before us.

Many have articulated concerns along with this Senator of the impact that this plan has on agriculture. Frankly, I wish the administration would be more forthcoming as they attempt to describe the impact of this plan on various areas, especially that area of the country,—the Midwest, where so much of our agriculture is such a big part of the economy, both nationally and regionally.

I think the Department of the Treasury's analysis of the economic impact of the administration's plan on agriculture is a very relevant and very important part of this whole effort to educate and to consider carefully the ramifications of reconciliation. The Department of the Treasury has released recently a very thorough report on the impact that this plan has on agriculture, and I ask unanimous consent to print that report in the RECORD.

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

ECONOMIC IMPACT OF THE ADMINISTRATION'S PLAN ON AGRICULTURE

EXAMPLE OF AN UPPER MID-WESTERN FARMER

This example illustrates the economic impact of the President's economic plan on an upper mid-western farm family. The example is that of a farm family with two children, and with income of $17,800. They have $107,000 of debt and a net worth of $500,000 (close to the regional average), and invest $15,000 in new or used equipment. The farm consists of 1,250 acres, producing four crops: 610 acres of wheat, 180 acres of barley, 50 acres of oats, and 160 acres of sunflowers, with 250 acres fallow.

This farm family will benefit under the President's economic plan, as currently modified by the Congress. Family income will increase an estimated $1,718 as a result of lower interest rates, more generous investment incentives, and extension of the health insurance deduction for self-employed workers. (These increases could be realised this year or next.) The farmer will lose $1,644 from reductions in farm program benefits, the proposed energy tax, and the increase in the inland waterways fuel tax when these provisions are fully phased-in (not generally until 1996 or 1997). For the facts assumed in the example, the net result will be an increase in the farm family's income of $74 (a gain of 0.4 percent) under the President's economic plan, as shown below. If it is assumed the status of the two children enable the family to reap the benefits of the expanded earned income tax credit (EITC), the example shows that the farm family's income will increase by $1,035 (a gain of 5.9 percent).

Economic Impact

	Amount
Benefits in 1994:	
Equipment expensing (first year's saving)	$643
Reduced interest rates	963
Extended self-employed health insurance deduction	112
Subtotal benefits	1,718
Expanded EITC	961
Total benefits	2,679
Cost when fully phased-in:	
BTU energy tax in 1997	382
Increased inland waterways fuel tax in 1997	223
Cuts in farm programs in 1996	1,039
Total costs	1,644

Department of the Treasury, May 20, 1993.

COSTS AND BENEFITS OF THE ADMINISTRATION'S PLAN ON FARMING

The Administration's economic plan seeks to accomplish the combined national goals of reducing the federal budget deficit, increasing investment, and restoring long term economic growth. Increased growth helps people and businesses by increasing our standards of living.

The plan requires a shared contribution from all Americans to achieve its goals, but on balance, all Americans, including farmers, will benefit. They will receive new incentives to invest in more productive equipment. Lower interest rates, resulting from deficit reduction, will lighten existing debt burdens and will spur rural economic growth. The nation will see a reform proposal designed to control the rising cost of health care. The Administration's plan will also assist low-income earners by expanding the earned income tax credit. This will ensure that all families with two children earning at least the minimum wage will not live in poverty.

Increased expensing

As modified by the House Ways and Means Committee, the plan will encourage Americans to investment in new equipment, commencing in 1993. Specifically, it increases the level of capital investments allowed to be expensed from $10,000 to $25,000. These investments would, in general, otherwise have to be depreciated over 7 years. In any year, about one-third of the farmers in the region in the example do not invest in equipment, but the two-thirds who do tend to invest an average of $15,000. The increased reduction in tax liability (at a 15 percent tax rate) attributable to the increased expensing allowed, in the year this average investment is made, is $643.

Reduced interest rates

Financial markets view the Administration's program very favorably, calling it the first true deficit reduction program in twelve years. As a result, interest rates have declined significantly since the November election. These lower rates should stimulate new investment, and overtime should allow existing debtors to refinance their high interest rate debt at more favorable levels, as is assumed in the example (which is based on a decline of 90 basis points in interest rates).

Extending small-issue agricultural bonds

Some farmers receive low-cost interest loans from state, county, or local governments. These governments are able to raise lower-cost funds through small-issue agricultural bonds, since the bondholders' interest is exempted from federal tax. The government requires that at least 95 percent of gross proceeds must be used to purchase agricultural land or equipment, and the size of an issuance cannot exceed $1 million. The Administration's plan proposes to extend the rights of state and local governments to issue these agricultural bonds.

Extension of the health insurance deduction

Farmers need comprehensive affordable health insurance, yet many can no longer afford it. The Administration is addressing this issue in two ways. First, the plan extends the 25 percent deduction for health insurance costs of self-employed workers and their families through at least December 31, 1993. Second, the Administration initiated a task force to examine ways to reform the health care industry. The health care task force seeks to control exploding costs and to expand coverage to ensure all Americans receive some form of coverage.

The example shows the tax savings generated from extending the 25 percent deduction for self-employed health insurance, based on an assumed premium of $3,000 (which is anticipated to be about the typical 1994 cost of such family policy) and a 15 percent tax rate.

Expansion of the EITC

The Administration is committed to "making work pay." The President's plan would expand the earned income tax credit to allow a credit of up to 39.7 percent of income for families with two or more children. Depending on a farmer's income level, a family with two children can receive up to $1,482 in additional annual assistance. The increased benefit is reduced for families earning more than $11,000 (as is the case in the example), and is fully phased-out for two-children families earning more than $28,000. Increased benefits of up to $282 are available to a family with one child, and up to $306 to taxpayers with no children.

Phased-in Btu energy tax

To reduce the budget deficit, encourage greater energy conservation, and stimulate development of less environmentally damaging processes, the Administration proposes to impose an excise tax on fossil fuels, as well as hydro- and nuclear-generated electricity. Petroleum-based fuels would generally be taxed at a higher rate. The Ways and Means Committee, however, exempted diesel fuel and gasoline used on farms from the higher rate. This tax is expected to increase average farm production costs by about 0.4 percent in 1997, when the tax is fully phased in.

In the example, the increased production costs for the farm specified are anticipated to be $288; adding an additional $94 for the family's household energy consumption accounts for the $382 cost noted. Farmers are likely to adjust both their crop mix and farming practices, as they have done in the past in response to higher oil prices, and this will reduce the costs. A 3-year phase-in period will provide farmers time to shift to more energy conserving practices. During this period, farmers will benefit from the lower interest rates and investment incentives that are associated with the plan.

Inland waterways fuel tax increase

Farmers will experience a small increase in freight costs for their crops due to the proposed increase in inland waterways fuel taxes (as modified by the Ways and Means Committee) of $0.50 per gallon when fully phased in. These waterways are currently the most heavily subsidized mode of transportation in the United States and the only Army Corp of Engineers program that is still dependent on federal operating funds. The Administration plans to move this system of intercoastal waterways towards self-sufficiency by increasing the tax on diesel fuel for barges. The increased cost is expected to depend upon the amount of grain and oilseeds shipped by barge, and competing rail freight costs are assumed to also increase somewhat. These increased transportation costs are expected to lead to some reduction in the prices received by the farmer, but increased deficiency payments are expected to help offset the lower prices. In the example, the net effect after taking these effects into account, is estimated to be $223.

Farm program cuts

The Administration's economic plan calls for a reduction in some farm programs over the next four years (although the overall reductions have been modified by the Budget resolution). The example includes the effects of the estimated reduction in deficiency payments for wheat and barley for the farm specified.

Mr. DASCHLE. The bottom line is they take an average farm of about 1250 acres, producing four crops: 600 acres of wheat, 100 acres of barley, 50 acres of oats, 160 acres of sunflowers, and 250 acres fallow.

Considering together all of the costs, when fully phased in, and all the benefits, according to the Department of the Treasury, there would be a complete gain of about $1,035 for that 1250-acre farm; a $1,035 gain for a typical family farm, according to the Treasury Department's analysis. That means a Btu tax, a partial barge tax, cuts in farm programs, all on the cost side; but a dramatic increase in equipment expensing, from $10,000 to $425,000 on the benefit side; reduced interest rates, already being realized by farmers; extended self-employed health insurance deduction; and expanded EITC or earned income tax credit. Those are all considered.

In addition to that, we have added now a reduction in the Btu tax for farmers, or off-road exemption. And our negotiations with the administration continue. I feel very encouraged by the response that they have given us with regard to the impact of the Btu tax and their willingness to negotiate further with regard to its impact on agriculture.

So clearly, we have an effort on the part of this administration to respond to the concerns raised by people in rural America about the effects of the Btu tax and a determination to ensure that it is fair.

Small business, too, is affected in a very favorable way by this plan. Interest rates have declined substantially since the President's election. Increased expensing for farmers will also be included for small businesses.

The package contains a capital gains provision to directly encourage investment in small business. A 50-percent exclusion for companies that paid in capital of less than $50 million will provide a significant differential for qualified capital gains. A health insurance deduction of 25 percent for those who are self-employed; tax-exempt bonds; an exemption for small businesses from the corporate rate increase; permanent extension of incentives like the R&D tax credit; targeted jobs tax credit; the exclusion of employer provided educational assistance, among others. Individual estimated tax simplification is also included in this package.

So, Mr. President, there are very significant proposals for small business—some of which we have called for for a long time—wrapped into this reconciliation package, in spite of the fact that we reduce the deficit by $500 billion over the next 5 years.

Shared sacrifice is really the key here for small business, for people in rural America, for people of all categories in our economy. Throughout this process our overriding goals must be to ensure fundamental fairness, and to reach that $500 billion target.

Is it fair? Are we reaching that target? Those two questions, Mr. President, are critical to our successful completion of this effort.

I do not think anyone can deny the progressivity in this plan. It is something we have not seen for 12 years. So it does not surprise me that those who are most detrimentally affected by higher revenues would be out there in such vehement opposition to the plan. They have not had to face this kind of progressivity for the last 12 years.

Indeed, at long last we are putting some progressivity into the tax plan that has not been there for a long time. So, obviously, when you weigh the cuts that affect those who do not pay a lot of tax against the taxes for those who pay taxes but do not really see themselves affected by cuts, you have the balance that makes this the kind of plan that I feel very comfortable with.

Obviously, we still have work to do, and, obviously, the negotiations are going to continue. But let us all come to the table, let us all come to the realization that to do nothing will have consequences for the American family, for the American taxpayer, for the American businessman, for the American politician, the likes of which we have never seen in recent American history. That is what this is all about, Mr. President.

So we can come to the floor and we can lament this or that. We can listen to all of those groups who are not lining up in opposition because their special interest is detrimentally affected. Or we can do what is right. We can muster the courage, We can recognizing that we have no choice, that we only have one President, and that we must negotiate in good faith with this President, with the House and the Senate, in coming to grips with this problem that has gotten too big and has gone on too long to ignore.

We owe it to the American people. We recognize the importance of change. We recognize the importance of fairness. And, most of all, we recognize the importance of our ability to govern.

Mr. President, I yield the floor.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Tennessee [Mr. SASSER] is recognized for 5 minutes.

Mr. SASSER. Mr. President, I ask unanimous consent that I be allowed to proceed this morning for 10 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Tennessee is recognized for 10 minutes.

DEFICIT REDUCTION

Mr. SASSER. Mr. President, I listened with interest this morning, as I always do, to my colleagues on the other side of the aisle, and I must say that I heard nothing new, absolutely nothing new. The same tired, old echoes of Reaganomics and taxophobia that gave us the greatest fiscal crisis in our Nation's history I heard more of this morning emanating from our friends on the other side.

I want to remind all of our colleagues, and all who may be listening, one more time that many of the voices we are hearing this morning, now in shrill opposition to the Clinton deficit reduction program, are the very same voices that gave us the disastrous 1981 Reagan tax cut and its subsequent problems. The same Senators who were on this floor this morning demanding more cuts, more deficit reduction are the same Senators who dutifully defended the hallow fiscal leadership of the 1980's.

The Reagan-Bush Presidencies that generated—now, they did not inherit it—the Reagan-Bush Presidencies generated $3 trillion in new national debt. It is no exaggeration to say, Mr. President, that the 12 years of Reagan-Bush, and particularly the 10 years of Reagan-Bush, will go down in history, when economic historians write the history of the 20th century, as the most mismanaged and irresponsible period of governmental fiscal policy in the history of the United States, and I say not just in the 20th century, but perhaps in the history of our country.

Listeners with any historic perspective will not miss the rich ironies that are on this floor this morning. I am happy to say that we have a chance now to do more than measure present rhetoric against past actions. We are going to be able to measure this rhetoric against present actions.

Last week—and this is what I am talking about—last week Senators DANFORTH and BOREN put together a deficit reduction package that actually attempts to do what those on the other side of the aisle are calling for. It cut the mandatory programs in specific ways. It cuts the entitlements.

Let me say immediately that the Boren-Danforth plan does contain a substantial block of new taxes, $150 billion in net tax increases, using the figures that Senators BOREN and DANFORTH have themselves offered. It includes every dime of President Clinton's increases in the personal income tax which are aimed at the wealthier in our society. It includes every dime of his increases in the tax on Social Security benefits that go to those of the more affluent who draw Social Security benefits.

It includes every dime of President Clinton's corporate tax increases. And I would suggest that right there the so-called bipartisan plan has lost probably two-thirds of those on the other side of the aisle.

The Boren-Danforth plan then goes on to supplement the tax increases with all of President Clinton's $224 billion in outlay cuts, including his defense cuts, with some $160 billion in additional cuts.

Now, that is what they say they want on the other side of the aisle. They want additional cuts; they want more spending cuts, and they want fewer tax increases.

Well, how do we go about getting those cuts? Boren-Danforth plan tells us how. Virtually every cut that Senator BOREN and Senator DANFORTH make is in three programs: Medicare for our older citizens, Medicaid for those who are so poor they cannot afford to pay for medical care, and Social Security for our elderly, along with some tradeoffs that reduce the earned income tax credits, and reduce food stamps in exchange for maintaining the hospital insurance cap at $130,000, that indexes capital gains to benefit the wealthy, and they also eliminate the energy tax. But when you are talking about more cuts, the lion's share of them are coming out of Medicare, Medicaid, and Social Security.

Now, I think the Boren-Danforth plan is an ill-advised plan. I think it is both inequitable and simplistic, and I think it is guided largely by an abstract formula that demands $12 in outlay cuts for every dollar in tax increases. That is what some on the other side of the aisle think we have to have. Of course, blended into that are some special regional interests. Some of the authors of this Boren-Danforth plan are opposed to energy taxes because of the area of the country from which they come. But I think at bottom the Boren-Danforth plan is bad policy.

But as bad as the Boren-Danforth plan is in this Senator's judgment, it conforms to the principles that have been established by the speakers we have heard from the minority side of the aisle now from over the last month. They have been saying we have to have more cuts and fewer tax increases. That is what the Boren-Danforth has.

Now, let us see how many of them on the other side of the aisle are going to march up and support it. I submit, Mr. President, that almost none of them will. David Stockman, the Director of Office of Management and Budget under President Reagan, who presided early on in the Reagan administration over the disastrous tax cuts that came about, said that "The full-throated"—and I quote him in an article that appeared just a few weeks ago. He said, "The full-throated antitax war cries emanating from the GOP since February the 17th amount to no more than deceptive gibberish."

He goes on to state in this article that raising revenues is what is needed and that raising taxes is a business for grown-ups and the GOP should stand aside and let the grown-ups get the job done.

The Boren-Danforth proposal, as I indicated earlier, conforms to the principles to which our colleagues on the other side of the aisle say it should conform. It contains more cuts. It contains fewer taxes. The ratio is the same ratio that they have asked for; there is $2 in spending cuts for every dollar in tax increases.

I wish to see how many of our colleagues on the other side of the aisle will stand up and support that. That is what they say they want. But I will predict, Mr. President, that if the roll is called on the Danforth-Boren plan on the floor of the Senate, it will not get any more than 20 votes.

Why? Because they want to talk about more spending cuts, but they do not have the gumption to come out and vote for those spending cuts because they know they are going to come out of Social Security, they know they have to come out of Medicare, they know they have to come out of Medicaid, and they know that the State governments and the Governors across this country will rebel if Medicaid is cut any more.

The American people reject this kind of nonsense where people are saying, well, we are for deficit reduction, but we are not for this particular deficit reduction plan because it just does not do precisely what we want. And the American people do not want a freeze on Social Security cost-of-living adjustments.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. SASSER. I ask unanimous consent that I have an additional 5 minutes.

The PRESIDENT pro tempore. Without objection, the Senator will be recognized for 5 more minutes.

Mr. SASSER. The American people do not want $114 billion in cuts in Medicare and Medicaid. That is what is in the Boren-Danforth plan. They do not want the tax credit for working American families to be reduced so that we can maintain a cap on Medicare that protects people with incomes of over $130,000 a year.

The CNN television network did a poll on this whole question. They asked Americans if they wanted to see the so-called Btu tax eliminated, just eliminate the Btu tax and substitute in lieu thereof the cuts in Medicare, Medicaid, and Social Security.

Guess what the American people said? Twenty-two percent of the American people told the pollster, yes, we want to see the Btu tax eliminated, and we want to put in its place additional cuts, and those cuts will be in Medicare, Medicaid, and Social Security.

But 72 percent of the American people, by almost a 4-to-1 margin, said emphatically, no, they do not want to see the Btu tax eliminated and in lieu thereof Social Security cut, Medicaid cut, and Medicaid cut. The American people know that is a miserable tradeoff.

If this plan were subjected to the kind of scrutiny—I am talking about the Boren-Danforth plan—that the Clinton deficit reduction plan has undergone—and I will tell you they have had experts for weeks looking it over trying to accentuate the negative in this whole Clinton program.

If the Boren-Danforth plan had been subjected to just a minimum amount of scrutiny, it would not have the support of 10 percent of the population. But again I want to say, Mr. President, the Boren-Danforth plan coincides precisely with the guidelines established by the minority in their public statements. It has $2 of spending cuts for every $1 of tax increases. Let us see how many of them on the other side of the aisle will vote for that. Let us see how many of them will vote to cut Social Security, how many will vote to cut Medicare, and how many will vote to cut Medicaid. You can count them on the fingers of your hands, in my judgment. How many of these Senators who just spoke denouncing the Clinton program will support the Boren-Danforth proposal, which meets their criteria? It is going to be interesting to find out.

Mr. President, it is my view that none of them will support the Boren-Danforth plan. Indeed, some who spoke this morning have already announced their opposition to it, even though it has the $2 in spending cuts formula for every $1 in tax increases they say they want.

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

Mr. SASSER. I am pleased to yield to my friend from Maryland.

Mr. SARBANES. When people get out here on the floor and talk about cutting entitlements, what happens is, they use that as a handy label. They talk about cutting entitlements, but what you really have to do is go beneath that label and find out exactly what the programs are on which these cuts are going to have an impact.

There are proposals out here, for example, that, if carried through, would severely impact the senior citizen population of this country—and not the senior citizens who are better off, but the people absolutely dependent on Social Security for their income in order to make it from month to month and the people that are dependent on Medicare in order to meet their medical bills.

It seems to me at least it must be understood that this glib throwing around of the word "entitlements" does not begin to address the real situation. The real situation is what is actually going to happen to people if these entitlements are cut. What you have is people coming in and saying, well, we do not want to do the work needed to reduce the deficit. We do not want to have a tax on someone who is better off. In fact, we want to reduce that tax. But then they put forward these proposals which are going to impose the pain and the burden on people who are less well off, who are dependent on the cost-of-living adjustment and Social Security in order to make ends meet or dependent on Medicare in order to meet their medical bills. Is not that correct, I ask the Senator?

Mr. SASSER. I ask unanimous consent that we be allowed to proceed for an additional 10 minutes.

The PRESIDENT pro tempore. Without objection, the Senator from Tennessee is recognized for an additional 10 minutes.

Mr. SASSER. The Senator from Maryland is precisely correct. When they are talking about cutting entitlements, as the distinguished chairman of the Finance Committee, Senator MOYNIHAN, said on one of the national programs Sunday, when they are talking about cutting entitlements, that is really a code word for cutting Social Security.

Well, it is a code word for cutting Social Security, but it is a code word for cutting even more. It is a code word for cutting Medicare. It is also a code word for cutting other entitlements.

Some of the same Senators who have come on this floor and railed against entitlements, saying they ought to be cut, are the same Senators who will privately say, well, we cannot cut agriculture. You know, many of the agriculture programs, as my friend from Maryland knows, are also entitlements. Civil service retirement programs are also entitlements. There are a whole host of programs that are entitlements. But principally the entitlement programs are Social Security; they are Medicaid, Medicare. Ninety-five percent of the growth in entitlements is in three programs: Medicare, Social Security, and Medicaid. So when you are talking about cutting entitlements or putting caps on entitlements, you are really talking about reducing the benefits in those programs or beneficiaries of those programs.

Mr. SARBANES. I appreciate the answer. Let me ask the Senator this: Does that not really mean, instead of talking vaguely about cutting entitlements, what you really have to do is talk about whether you want to cut specific programs and what the consequences will be of cutting the particular program to which you are making reference?

In the 1980's the Social Security trust fund was in difficulty financially. We have committed revenues that go into the trust fund from the payroll tax, and we pay the benefits out of that. The trust fund was getting into difficulty. We looked at that situation, and as part of correcting the problem of the Social Security trust fund, we did cut back on some benefits. We also increased some taxes in order to get the trust fund into a balanced position. Not only did we get into a balanced position, the Social Security trust fund, is now running a very significant surplus as a consequence of doing this.

In effect, it is not the Social Security program that is contributing to the deficit. In fact, if anything, the Social Security trust fund, the positive balance, is an offset in an accounting sense to this very large deficit figure.

So, really, people have to ask themselves the question: Do we want to hit the senior citizens even more heavily as opposed to reducing the deficit in some other way? Some people on the other side are upset because President Clinton is proposing to raise taxes on the very wealthy. In fact, 75 percent of the revenues which the President's program calls for, the increase in revenues to the Government, come from the top 6 percent of the income scale—75 percent. There are people on the other side who do not want that burden put on the very wealthy. They say, no, no, we should not do that tax; we should cut entitlements, which means let us cut the ordinary Social Security recipient before we ask the very wealthy to make some contribution toward reducing the deficit. That does not seem equitable to this Senator.

Mr. SASSER. I think the Senator from Maryland is quite right, and particularly in view of the fact that the Social Security old-age and survivors trust fund that pays out the Social Security benefits will run a surplus this year of about $70 billion.

Mr. SARBANES. $70 billion?

Mr. SASSER. That is correct. Why should we be reducing benefits for those who are the beneficiaries of a program when that program is running a surplus? The Social Security Program is not the problem. What they are seeking to do is to use the funds collected to go into the Social Security trust fund to reduce the outlay of those so they will not have to raise taxes on the upper 6 percent of the wealthiest people in the country.

Let me just say to my friend from Maryland something that I read that I think he will find of great interest. He will recall when David Stockman was Director of the Office of Management and Budget during the early days of the Reagan administration, that is when we really got ourselves into such serious trouble with the very large tax cut at that time. Here is what David Stockman just wrote about this whole problem. I would like to quote him. I think my friend from Maryland will find this interesting. David Stockman said:

> There is no way out of the elephantine budget deficits that have plagued the Nation since 1981 without major tax increases.

That is what David Stockman wrote just a few weeks ago. Continuing on in this regard, Mr. Stockman said:

> In this regard, the full-throated antitax war cries emanating from the GOP since February 17 amount to no more than deceptive gibberish.

That is what David Stockman says. Then Mr. Stockman continues on——

Mr. SARBANES. This is the David Stockman who was the Director of the Office of Management and Budget for Ronald Reagan in his first term?

Mr. SASSER. That is correct. Continuing on, Mr. Stockman, who was Reagan's Director of OMB, says:

> The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability.
>
> A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance, and their own culpability in it, ever since.

He continues on, I say to my friend from Maryland, and this is a direct quote, talking about these Republicans:

> Instead, they have incessantly poisoned the political debate with a mindless stream of antitax venom, while pretending that economic growth and spending cuts alone could cure the deficit.

That is what David Stockman said.

Mr. SARBANES. President Clinton, to his credit, has proposed a balanced program. The President has proposed very significant cuts in spending, but he recognizes that that alone will not fully address the deficit reduction problem with which we are confronted. He, therefore, is proposing increases in revenue as well.

The deficit reduction he is proposing far exceeds the additional revenues from taxes, so it can legitimately be stated that every penny in additional taxes will go for deficit reduction; I ask my friend, is that not correct: And in addition, a very significantly amount will go for deficit reduction from the spending cuts.

So what the President is doing is seeking to reduce the deficit through a combination of spending cuts and revenue increases, and the deficit reduction, which runs at about $500 billion, is almost twice the additional revenues from revenue increases. So every penny will go for deficit reduction and a significant additional amount will come from spending cuts; is that not correct?

Mr. SASSER. The Senator from Maryland is absolutely correct. I find it ironic that the same group that gave us these enormous deficits, the same party that gave us this $3 trillion increase in the national debt during the 1980's, are the same people here that are saying "no" to the Clinton plan. The Clinton plan is the largest deficit reduction program in the history of this country.

Let me just quote one more statement of David Stockman. I think this is really illuminating to hear the views of Mr. Stockman, who served, as I said earlier, as the Director of the Office of Management and Budget in the early days of the Reagan administration. Here is a quote from the same article:

On the vast expense of the domestic budget, "overspending" is an absolute myth. Our post-1981 megadeficits are not attributable to it.

Mr. Stockman is saying that these large deficits are not attributable to spending.

He continues on and says:

And the GOP has neither a coherent program nor the political courage to attack anything but the most microscopic spending marginalia.

I think that is a very illuminating statement. It says an awful lot to be coming from him.

Mr. President, I simply conclude by saying this to our friends on the other side of the aisle: The Clinton program is the largest deficit reduction plan in the history of this country that will reduce the deficit by one-half over the next 5 years. For our friends on the other side of the aisle who say, well, we cannot support it because it has too much by way of tax increases and it does not have enough spending cuts, let me recommend to them the Danforth-Boren proposal.

I am not going to vote for it because I am not willing to cut Social Security; that is not part of the problem. Why should Social Security beneficiaries be cut when Social Security is running a surplus every year? I am not going to vote for the Danforth-Boren proposal because I am not willing to cut Medicare to the extent that they are. I am not going to vote for it because I am not willing to cut Medicaid to the extent that Danforth-Boren does.

Mr. SARBANES. If the Senator will yield on that, people have to understand that when you say cut entitlements, you mean cut Medicare, cut Medicaid, cut Social Security. If you cut them, what you are saying is that people who desperately need health care are not going to get it. It amounts to that exactly, and that must be understood.

Let us get away from this sort of vague language that says we will cut entitlements. What do you mean? We will cut Medicare and Medicaid. What do you mean? What that means is that people without financial means, who need health care, are not going to be able to get health care. That is what it means.

Mr. SASSER. The Senator from Maryland is quite right. If those on the other side of the aisle want more cuts, if they want fewer tax increases, then let them vote for Boren-Danforth and cut Social Security and reduce the Social Security benefits, reduce the Medicare benefits, and reduce the amount of taxes that have to be paid, if that is what they want to do. It meets their formula of 2 dollars' worth of spending cuts for every $1 in tax increases.

But I submit, Mr. President, that when the time comes to answer the rollcall, two-thirds to 90 percent of our friends on the other side of the aisle who say they want more cuts will not vote for them.

Before yielding to my friend from Montana, Mr. President, I ask unanimous consent that this article by Mr. David Stockman be printed in the RECORD in its entirety. I think it ought to be required reading for all of our colleagues on both sides of the aisle.

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

AMERICA IS NOT OVERSPENDING

David A. Stockman Director of the Office of Management and Budget from 1981 to 1985, during the first years of the "Reagan Revolution," David Stockman left office amid the lingering controversy caused by his revelations in the Atlantic magazine about the internal Administration politics which, Stockman said, would result in untenable deficits. (Stockman's memoirs of those years are entitled A Triumph of Politics: How the Reagan Revolution Failed. He is currently a General Partner at the Blackstone Group, a New York investment house.)

President Clinton's economic plan deserves heavy-duty criticism—particularly the $190 billion worth of new boondoggles through FY1998 that are euphemistically labelled "stimulus" and "investment" programs. But on one thing he has told the unvarnished truth. There is no way out of the elephantine budget deficits which have plagued the nation since 1981 without major tax increases.

In this regard, the full-throated anti-tax war cries emanating from the GOP since February 17 amount to no more than deceptive gibberish. Indeed, if Congressman Newt Gingrich and his playmates had the parental supervision they deserve, they would be sent to the nearest corner wherein to lodge their Pinocchio-sized noses until this adult task of raising taxes is finished.

The fact is, we have no other viable choice. According to the Congressional Budget Office (CBO) forecast, by FY1998 we will have practical full employment and, also, nearly a $400 billion budget deficit if nothing is done. The projected red ink would amount to five percent of GNP, and would mean continuing Treasury absorption of most of our meager net national savings through the end of the century. This is hardly a formula for sustaining a competitive and growing economy.

The root problem goes back to the July 1981 frenzy of excessive and imprudent taxcutting that shattered the nation's fiscal stability. A noisy faction of Republicans have willfully denied this giant mistake of fiscal governance, and their own culpability in it, ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of anti-tax venom, while pretending that economic growth and spending cuts alone could cure the deficit.

It ought to be obvious by now that we can't grow our way out. If we should happen to realize CBO's economic forecast by 1998, wouldn't a nearly $400 billion deficit in a full employment economy 17 years after the event finally constitute the smoking gun?

To be sure, aversion to higher taxes is usually a necessary, healthy impulse in a political democracy. But when the alternative becomes as self-evidently threadbare and groundless as has the "growth" argument, we are no longer dealing with legitimate skepticism but with what amounts to a demagogic fetish.

Unfortunately, as a matter of hard-core political realism, the ritualized spending cut mantra of the GOP anti-taxers is equally vapid. Again, the historical facts are overwhelming.

Ronald Reagan's original across-the-board income tax cut would have permanently reduced the federal revenue base by three percent of GNP. At a time when defense spending was being rapidly pumped up, and in a context in which the then "conservative" congressional majority had already decided to leave 90 percent of domestic spending untouched, the Reagan tax cut alone would have strained the nation's fiscal equation beyond the breaking point. But no one blew the whistle. Instead, both parties succumbed to a shameless tax-bidding war that ended up doubling the tax cut to six percent of GNP—or slashing by nearly one-third the permanent revenue base of the United States government.

While delayed effective dates and phase-ins postponed the full day of reckoning until the late 1980s, there is no gainsaying the fiscal carnage. As of August, 1981, Uncle Sam had been left to finance a 1990s-sized domestic welfare state and defense build-up from a general revenue base that was now smaller relative to GNP than at any time since 1940!

In subsequent years, several "mini" tax increase bills did slowly restore the Federal revenue base to nearly its post-war average share of GNP. The $2.5 trillion in cumulative deficits since 1981, however, is not a product of "over-spending" in any meaningful sense of the term. In fact, we have had a rolling legislative referendum for 12 years on "appropriate" Federal spending in today's society—and by now the overwhelming bi-partisan consensus is crystal clear.

Cash benefits for Social Security recipients, government retirees and veterans will cost about $500 billion in 1998—or six percent of prospective GNP. The fact is they also cost six percent of GNP when Jimmy Carter came to town in 1977, as they did when Ronald Reagan arrived in 1981, Bush in 1989 and Clinton in 1993.

The explanation for this remarkable 25 years of actual and prospective fiscal cost stability is simple. Since the mid-1970s there has been no legislative action to increase benefits, while a deep political consensus has steadily congealed on not cutting them, either. Ronald Reagan pledged not to touch Social Security in his 1984 debate with Mondale; on this issue Bush never did move his lips; and Rep. Gingrich can readily wax as eloquently on the "sanctity" of the nation's social contract with the old folks as the late Senator Claude Pepper ever did.

The political and policy fundamentals of the $375 billion prospective 1998 cost of Medicare and Medicaid are exactly the same. If every amendment relating to these medical entitlements which increased or decreased eligibility and benefit coverage since Jimmy Carter's inauguration were laid end-to-end, the net impact by 1998 would hardly amount to one to two percent of currently projected costs.

Thus, in the case of the big medical entitlements, there has been no legislatively driven "overspending" surge in the last two decades. And since 1981, no elected Republican has even dared think out loud about the kind of big changes in beneficiary premium costs and co-payments that could actually save meaningful budget dollars.

To be sure, budget costs of the medical entitlements have skyrocketed—but that is because our underlying health delivery system is ridden with inflationary growth. Perhaps Hillary will fix this huge, sytemic economic problem. But until that silver bullet is discovered, there is no way to save meaningful budget dollars in these programs except to impose higher participation costs on middle and upper income beneficiaries—a move for which the GOP has absolutely no stomach.

Likewise, the "safety net" for the poor and price and credit supports for rural America cost the same in real terms—about $100 billion—as they did in January, 1981. That is because Republicans and Democrats have gone to the well year after year only to add nickels, subtract pennies, and, in effect, validate over and over the same "appropriate" level of spending.

On the vast expanse of the domestic budget, then, "overspending" is an absolute myth. Our post-1981 mega-deficits are not attributable to it; and the GOP has neither a coherent program nor the political courage to attack anything but the most microscopic spending marginalia.

It is unfortunate that having summoned the courage to face the tax issue squarely, President Clinton has clouded the debate with an excess of bashing the wealthy and an utterly unnecessary grab-bag of new tax and spending giveaways. But that can be corrected in the legislative process—and it in no way lets the Republicans off the hook. They led the Congress into a giant fiscal mistake 12 years ago, and they now have the responsibility to work with a President who is at least brave enough to attempt to correct it.

EXTENSION OF MORNING BUSINESS

Mr. BAUCUS. Mr. President, I ask unanimous consent that morning business be extended and that I may speak for 15 minutes.

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

The Senator from Montana is recognized for 15 minutes.

MINING LAW REFORM

Mr. BAUCUS. Mr. President, I would like to speak on reform of the Hardrock Mining Act of 1872. Last night, the Senate passed mining reform legislation introduced by Senator CRAIG.

Mining has always been important to Montana. To a large degree, mining was the economic foundation upon which Montana was built. Mining gave rise to the present day towns of Butte, Helena, and Anaconda, as well as the long forgotten boom then bust towns of Bannack, Diamond City, Gold Creek, and Garnet.

The first gold discovery in Montana seems to have been made by John Owen in 1853, when he penned in his dairy, "Gold hunting. Found some." In the early 1860's, gold discoveries in Bannack, Virginia City, and Helena brought nearly 30,000 prospectors to the Montana frontier, and by 1866 the Montana Territory ranked second only to California in gold production. But by 1870, the boom had fallen into a bust, and the Montana Territory fell on a decade of hard times, until copper revived the economy and Butte emerged as the greatest mining camp in the West.

And while mining is no longer as dominant as it once was, it continues to be an important segment of Montana's economy. According to a report recently prepared by the Center for National Policy, mining and derivative economic activities contribute an estimated 11 percent of the State's earned income. And mining and mining related activities employ 8.3 percent of our State's work force.

Because mining is of such obvious importance to States like Montana, I take a great interest in any legislation which this body considers that affects mining. For example, the President's budget package included a provision that required a 12.5-percent gross royalty on hardrock mining on Federal lands. Simply put, this proposal was a killer for hardrock mining throughout the West.

Together with a group of my western Democratic colleagues, I talked to the President about this provision. As a result of these discussions, and thanks to President Clinton's understanding of our concerns, a 12.5-percent royalty is no long part of the budget reconciliation package.

But this does not mean that the larger issue of mining reform should not be addressed. Indeed, Senator JOHNSTON has shown decisive leadership in moving a mining law bill out of the Energy Committee and through the Senate—I welcome this development. It is time for change, and I have long argued that good, balanced mining reform is needed. A 121-year-old law is just not up to the challenge of regulating the modern mining industry.

There are presently two Senate measures—S. 157, introduced by Senator BUMPERS; and S. 775, introduced by Senator CRAIG, the measure that passed last night—that attempt to deal with reform of the Hardrock Mining Act. In my mind, neither adequately represents the type of reform legislation that is needed on this issue.

Senator CRAIG'S measure, passed last night by unanimous consent, is a start. But the bill does very little beyond reaffirming the status quo. That is plainly unacceptable. On the other hand, Senator BUMPERS' measure is reformed oriented, but, unfortunately, it contains specific provisions that will cripple domestic hardrock mining. The answer to acceptable mining reform lies somewhere in the middle. Today, I intend to spell out what I believe to be fair, balanced reform.

Mining reform can be broken into four distinct categories: First, patenting; second, reclamation; third, unsuitability; and fourth, royalties. I believe fair and balanced reform must move beyond the status quo in each category.

The first issue concerns patenting of Federal lands for mineral entry and development. Under the 1872 mining law's patenting provision, mine claimants may obtain fee title to public lands for a filing fee of either $2.50 or $5 per acre. While this often involves a great deal of work and investment on the part of the claimant, few would dispute that the American taxpayer should receive fair market value on the sale of Federal lands—$2.50 per acre is a far cry from fair market value.

I also take issue with a law that encourages transferring public lands into private ownership. While the incentive of cheap public lands for sale was once necessary to attract people to the West, times have changed.

Be it coal mining, oil and gas leasing, or timber extraction, we do not otherwise practice a policy of transferring ownership of lands to encourage development of the resource. Nor do we need to give away land to encourage hardrock mineral development.

I support revising the patenting system so that the public retains ultimate ownership of the public resource. An acceptable patenting system would allow individuals to make mineral claims on public lands, and would secure that right to develop the mineral resource in exchange for an escalating yearly fee.

For example, the holder of a claim would pay $1 per acre for the first 5 years of the claim; $2.50 for the next 5; $5 for the next 5; and so on, until the claim enters into commercial production. And, once mining ceases, the prospector would be obligated to return the land to the Federal Government in the best possible condition.

Second, I would like to talk about the need to develop Federal reclamation guidelines for hardrock mining. The 1872 mining law is not an environmental law, nor was it ever intended to be. And while I am well aware that modern mining projects must comply with a multitude of Federal and State environmental laws, I nevertheless believe that solid mining reform must address relevant environmental concerns.

I support reform that includes strong Federal reclamation standards. These standards should address hydrologic balance, waste disposal, soil contamination, erosion, revegetation, and other pertinent concerns relating to mineral activities. While it is certainly in the public interest to have a healthy domestic mining industry, it is also very much in the public interest to ensure that mining is conducted in an environmentally responsible manner.

While I believe it is necessary to develop Federal standards, I remain firmly committed to the notion that the States are best situated to regulate the mining industry. As such, Federal standards must not be so inflexible that the States are unable to craft reclamation laws given a region's particular topographic, geologic, and climatic conditions.

A good example would be the Federal hole reclamation statute where there are Federal mines, or where States are allowed in. In fact, my State of Montana has passed State reclamation laws which are more stringent than the Federal.

The third issue concerns unsuitability. Put simply, an unsuitability review is a determination whether mining is compatible with other values and uses that exist in a particular area. Under the terms of the 1872 Mining Act, mining is automatically considered the highest and best use of our public lands. Land managers are not given the discretion of saying no to mining even when that activity can be shown to irreparably impair other legitimate uses of the public resource. Our public lands should be managed for multiple use, with no single use predominate over all others in all circumstances.

I will support a suitability provision so long as it is applied at the beginning of the permitting process so as to be fair to the individual who might otherwise invest considerable time and money on a specific claim. Most importantly, this provision must be narrowly tailored so that mining interests are not unfairly burdened by a process that quickly becomes a legal nightmare. In short, it must be as fair to the mineral resource as it is to other resources.

The final and most controversial issue centers around imposing a royalty for hardrock mining on Federal lands. I believe a royalty is justified for hardrock mining on Federal lands. We currently impose a royalty on coal and on oil and gas taken from Federal lands. States impose royalties on hardrock minerals, as do private landowners who lease their lands for mineral development.

As the Senate Energy Committee's hearing 2 weeks ago on the royalty issue demonstrated, however, the manner in which this royalty is assessed is critically important. Plainly, a 12.5-percent gross royalty would have dire implications for this country's mining industry. I suspect the same could be said for even an 8-percent gross royalty. On the other hand, CBO indicated that the 2-percent net royalty proposed in Senator CRAIG's bill will fail to generate 1 red cent of revenue.

The goal in imposing a royalty should be twofold. First, a portion of the money collected should go to the States so that their mining regulation programs are adequately funded and staffed. Federal mining reform should vest in the State the responsibility for implementing and enforcing reclamation standards, and it is our duty to ensure that the States have the financial support to carry out this responsibility.

Second, the bulk of the money collected must go to address the environmental problems created by inactive and abandoned mines. Montana's Abandoned Mine Reclamation Bureau estimated that there are over 3,000 abandoned mine sites in my State that pose either an environmental or safety hazard—a very real problem for which not enough is being done because of the magnitude of the costs involved. It is estimated that over $1 billion is required to remedy the problems caused by inactive and abandoned mines in Montana alone. Many other States are in the same boat.

I therefore, believe that the royalty imposed must be based on profits generated—that is, a net royalty. And I do not think that an 8-percent net royalty is unreasonable. Preliminary estimates suggest that an 8-percent net royalty will generate $96 million in revenue over the next 5 years. Unfortunately, I realize that $96 million does not approach the kind of revenue the administration has indicated they would like to see generated, nor would it totally satisfy the objectives that I have mentioned must be served by a royalty.

I would strongly suggest that the Congress think seriously about imposing a modest fee on all hardrock mineral development—mining that occurs on Federal, State, and private land—and use the profits generated to adequately address the inactive and abandoned mine problem that currently exists. Such a fee will serve to generate needed revenue and is spread evenhanded across the entire industry so that no one particular segment of the industry is responsible for the burden that should be borne by the entire industry.

The challenge facing both sides of the mining reform debate is to step up and recognize that this issue needs to be resolved in a fair, balanced, and permanent fashion. Industry must recognize that the status quo no longer serves the public interest. The public rightly demands fiscal and environmental accountability whenever the public domain is used, and industry should be willing to meet that demand. On the other hand, staunch advocates of reform need to be aware that we are talking about the livelihood of ordinary citizens and the sustenance of many a small community. Punitive reform is not rational reform.

I believe that the suggestions which I have offered today serve as the basis for balancing these competing interests and strikes a fair compromise on a difficult and divisive issue. Let us proceed with reform and be thorough about it so that we can finally put the issue to rest. But above all else, let us not forget the human element of the debate, and act with fairness and compassion.

Mr. President, I yield the floor.

TRIBUTE TO JAMES LYON

Mr. DECONCINI. Mr. President, George Bush once said that "the definition of a successful life must include serving others." Jim Lyon, who I can say with a great deal of pride was related to me, met President Bush's definition of service.

When he died recently at the age of 85, Jim had earned the reputation of a successful businessman and a successful inventor. Over his lifetime he held numerous patents for inventions which made their mark in agriculture science, in education and defense. One of Jim's inventions, widely hailed as a major breakthrough in the poultry industry, permitted chickens to feed in a natural setting without injury to one another.

But it was his commitment to young people and his belief in our system of education for which I will most remember Jim Lyon. Like Ben Franklin, he recognized the critical importance of education. "If a man empties his purse into his head," Franklin said, "No man can take it away from him. An investment in knowledge always pays the best interest." Jim knew that our children's confidence and ability and skills for the future often begin in school. He knew that our walk on the moon and the cure for cancer start in our schools. And so year after year, Jim encouraged science education in schools by providing basic electricity and science kits for classrooms. It is fitting that in his memory his family is planning an annual scholarship award to encourage the development of innovative devices that will solve problems for those with special needs.

As a youngster, my family often spent summers in San Diego with the Lyons. Jim taught me how to fish, how to row a boat, and start a campfire. But he also taught me about the love of learning and the power of education in shaping the future. I will miss him.

A SPECIAL TEACHER—SCOTT SPENCER

Mr. BUMPERS. Mr. President, nothing is more precious to us than our children, and this is what makes their education so very important to us, not to mention to the future of our country. Yet we too seldom recognize the great importance this places on those to whom we entrust our children's education. More seldom still do we recognize those qualities in special teachers who turn what too often is the chore of teaching into an exciting experience, one that stays with the child long after the class is completed.

I would like to share with my colleagues the sad news that the country lost a special teacher in late March, one who brought a special magic to the classroom that influenced every child fortunate enough to have him for a teacher. Scott Spencer was an elementary school teacher extraordinaire. He cared about his students, went the extra mile for them, broke rules when necessary to make the learning experience an exciting one, something they would not only remember but take with them in the years to come.

Scott Spencer had a special knack for knowing what would be appealing, memorable, and fun for his kids, which made the job of learning much more exciting for them. If it took using an aardvark as his mascot, or wearing Groucho Marx glasses, or dressing up in costumes, Scott did it.

Sadly Scott Spencer was not able to complete his teaching career. Diagnosed with cancer last summer, Scott fought his disease valiantly. But when