Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1156

The VICE PRESIDENT. The question recurs on amendment No. 1156 offered by the Senator from New Mexico.

The question is on agreeing to the amendment.

The amendment (No. 1156) was agreed to.

The VICE PRESIDENT. The adoption of the Domenici amendment renders the underlying amendment moot.

Mr. GORTON addressed the Chair.

The VICE PRESIDENT. The Senator from Washington.

Mr. GORTON. I am authorized to make an announcement by the majority leader that there will be no further votes until 5 p.m.

RECESS

The VICE PRESIDENT. Under the previous order, the Senate will stand in recess until 5 p.m.

Whereupon, at 4:19 p.m., the Senate recessed until 5 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. JEFFORDS).

The PRESIDING OFFICER. The majority manager of the bill is recognized.

AMENDMENT NO. 1158

Mr. EXON. Mr. President, on behalf of Senators BOXER, MURRAY, LAUTENBERG, and FEINSTEIN, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mrs. BOXER, for herself, Mrs. MURRAY, Mr. LAUTENBERG, and Mrs. FEINSTEIN, proposes an amendment numbered 1158.

Mr. EXON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place add the following: ''It is the sense of Congress that no Member of Congress may use campaign funds to defend against sexual harassment lawsuits.''

Mr. EXON. Mr. President, this a sense of the Congress that no Member of Congress may use campaign funds to defend against sexual harassment lawsuits.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DOMENICI. Are we prepared to vote?

Mr. EXON. We are prepared for the vote. I asked for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. DOMENICI. Mr. President, I move to lay the amendment on the table.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO LAY ON THE TABLE AMENDMENT NO. 1158

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table amendment No. 1158.

The clerk will call the roll.

The legislative clerk called the roll.

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

The result was announced—yeas 1, nays 99, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—1

Packwood

NAYS—99

Abraham
Akaka
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Bradley
Breaux
Brown
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Dole
Domenici
Dorgan
Exon
Faircloth
Feingold
Feinstein
Ford
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Nunn
Pell
Pressler
Pryor
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wellstone

So the motion to lay on the table the amendment (No. 1158) was rejected.

AMENDMENT NO. 1159 TO AMENDMENT NO. 1158

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. I send a second-degree amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1159 to amendment No. 1158.

The amendment is as follows:

In the pending amendment strike all after the words ''It is the sense-of-the-Congress'' and insert the following: ''That no member of Congress or the executive branch may use campaign funds or privately donated funds to defend against sexual harassment lawsuits.''

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 197 Leg.]

YEAS—55

Abraham
Ashcroft
Bennett
Bond
Brown
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Coverdell
Craig
D'Amato
DeWine
Dole
Domenici
Faircloth
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hatch
Hatfield
Helms
Hutchison
Inhofe
Jeffords
Kassebaum
Kempthorne
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Pressler
Roth
Santorum
Shelby
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—45

Akaka
Baucus
Biden
Bingaman
Boxer
Bradley
Breaux
Bryan
Bumpers
Conrad
Daschle
Dodd
Dorgan
Exon
Feingold
Feinstein
Ford
Glenn
Harkin
Heflin
Hollings
Inouye
Johnston
Kennedy
Kerrey
Kerry
Kohl
Lautenberg
Leahy
Levin
Lieberman
Mikulski
Moseley-Braun
Moynihan
Murray
Nunn
Packwood
Pell
Pryor
Reid
Robb
Rockefeller
Sarbanes
Simon
Wellstone

So the amendment (No. 1159) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BROWN. Parliamentary inquiry, Mr. President. Is it true that the unanimous consent agreement that we are operating under required any further amendments to be considered by this body—first-degree amendments—to be considered by this body to be presented to the managers of the bill by 5:15?

The PRESIDING OFFICER. The Senator is correct.

Mr. BROWN. Is it then true that because none of those amendments have been delivered by 5:15, no further first-degree amendments are in order to the bill?

Mr. President, I note that it is now 5:39 and that as of 5:15 none of the amendments had been presented.

The PRESIDING OFFICER. The amendments were to be presented to the managers of the bill, not the clerk.

Mr. BROWN. Do we have any indication that those amendments were indeed presented by 5:15?

The PRESIDING OFFICER. The chair does not know what amendments have been submitted to either of the managers.

Mr. EXON. You can get the word of the two managers, if that will suffice for the distinguished Senator from Colorado.

Mr. BROWN. Mr. President, I do not mean to obstruct proceedings but I have been trying to get copies of amendments after 5:15. I have asked the managers, and they are still not available. If amendments are not made available, I intend to make a point of order against amendments offered from this point forward.

AMENDMENT NO. 1158, AS AMENDED

The PRESIDING OFFICER. The pending measure is amendment No. 1158, as amended.

Mr. BROWN. Parliamentary inquiry, Mr. President. Was this amendment presented to the managers prior to 5:15?

Mr. EXON. Mr. President, it was.

The PRESIDING OFFICER. The amendment was offered prior to 5:15.

Mr. BROWN. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1158, as amended.

The amendment (No. 1158), as amended, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. We have been very liberal regarding the time on votes. We were 5 minutes over on that last vote.

I urge all Members to stay in the Chamber, or close to the Chamber, so we can get finished in a more orderly and quicker fashion.

Mr. EXON. Is it in order to proceed now in a semi-orderly fashion with amendments that are properly of record?

The PRESIDING OFFICER. Amendments are in order.

AMENDMENT NO. 1160

(Purpose: To limit increases in the public debt)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON] proposes an amendment numbered 1160.

Mr. EXON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 63, strike beginning with line 8, though page 65, line 5, and insert the following: "The Senate Committee on Finance shall report changes in laws within its jurisdiction that increase the statutory limit on the public debt to the amount set forth for the public debt for fiscal year 1996 in section 2(5), of this resolution.

"(8) COMMITTEE ON FOREIGN RELATIONS.—The Senate Committee on Foreign Relations shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $0 in fiscal year 1996, $0 for the period of fiscal years 1996 through 2000, and $0 for the period of fiscal years 1996 through 2002.

"(9) COMMITTEE ON GOVERNMENTAL AFFAIRS.—The Senate Committee on Governmental Affairs shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $118,000,000 in fiscal year 1996, $3,023,000,000 for the period of fiscal years 1996 through 2000, and $6,871,000,000 for the period of fiscal years 1996 through 2002.

"(10) COMMITTEE ON THE JUDICIARY.—The Senate Committee on the Judiciary shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $119,000,000 in fiscal year 1996, $923,000,000 for the period of fiscal years 1996 through 2000, and $1,483,000,000 for the period of fiscal years 1996 through 2002.

"(11) COMMITTEE ON LABOR AND HUMAN RESOURCES.—The Senate Committee on Labor and Human Resources shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $1,141,000,000 in fiscal year 1996, $9,165,000,000 for the period of fiscal years 1996 through 2000, and $13,795,000,000 for the period of fiscal years 1996 through 2002.

"(12) COMMITTEE ON RULES AND ADMINISTRATION.—The Senate Committee on Rules and Administration shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $2,000,000 in fiscal year 1996, $280,000,000 for the period of fiscal years 1996 through 2000, and $319,000,000 for the period of fiscal years 1996 through 2002.

"(13) COMMITTEE ON VETERANS' AFFAIRS.—The Senate Committee on Veterans' Affairs shall report changes in laws within its jurisdiction that provide direct spending to reduce outlays $301,000,000 in fiscal year 1996, $5,760,000,000 for the period of fiscal years 1996 through 2000, and $10,002,000,000 for the period of fiscal years 1996 through 2002.

TITLE II—BUDGETARY RESTRAINTS AND RULEMAKING

SEC. 200. LIMITING INCREASES IN THE STATUTORY LIMIT ON THE PUBLIC DEBT.

(a) RECONCILIATION DIRECTIVES WITH RESPECT TO PUBLIC DEBT LIMIT.—

(1) BUDGET RESOLUTION.—Any concurrent resolution on the budget for a fiscal year that contains directives of the type described in paragraph (1) or (2) of section 310(a) of the Congressional Budget Act of 1974 for such fiscal year shall also include a directive of the type described in paragraph (3) of that subsection for that fiscal year.

(2) RECONCILIATION.—Any change in the statutory limit on the public debt that is recommended pursuant to a directive of the type described in paragraph (3) of section 310(a) shall be included in the reconciliation legislation reported pursuant to section 310(b) for that fiscal year.

(b) POINT OF ORDER.—

(1) IN GENERAL.—

(A) Notwithstanding any other rule of the Senate, except as provided in subparagraph (B), it shall not be in order in the Senate to consider any bill or joint resolution (or any amendment thereto or conference report thereon) that increases the statutory limit on the public debt during a fiscal year above the level set forth as appropriate for such fiscal year in the concurrent resolution on the budget for such fiscal year agreed to under section 301 of the Congressional Budget Act of 1974.

(B) Subparagraph (A) shall not apply to any reconciliation bill or reconciliation resolution reported pursuant to section 310(b) of the Congressional Budget Act of 1974 during any fiscal year (or any conference report thereon) that contains a provision that—

(i) increases the statutory limit on the public debt pursuant to a directive of the type described in section 310(a)(3) of such Act; and

(ii) becomes effective on or after the first day of the following fiscal year.

(2) PROHIBITION ON STRIKING PROPER DEBT LIMIT CHANGES.—Notwithstanding any other rule of the Senate, it shall not be in order in the Senate to consider any amendment to a reconciliation bill or resolution that would strike a provision reported pursuant to a directive of the type described in section 310(a)(3) of the Congressional Budget Act of 1974.

(3) WAIVERS.—This section may be waived or suspended in the Senate by a roll call vote of a majority of the Members, duly chosen and sworn.

(c) EXERCISE OF RULEMAKING POWERS.—The Senate adopts the provisions of this title—

(1) as an exercise of the rulemaking power of the Senate, and as such they shall be considered as part of the rules of the Senate, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change those rules (so far as they relate to the Senate) at any time, in the same manner, and to the same extent as in the case of any other rule of the Senate.

Mr. EXON. Mr. President, this amendment is offered by myself. It creates a majority vote point of order against legislation which increases the public debt beyond that set forth in the budget resolution. It is something that we discussed in the committee.

Mr. DOMENICI. Mr. President, the pending amendment is not germane to the provisions of the budget resolution pursuant to 305(b). I raise a point of order against the pending amendment.

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive that act for the consideration of the pending amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

VOTE ON MOTION TO WAIVE THE BUDGET ACT

The PRESIDING OFFICER. The question occurs on agreeing to the motion to waive the Budget Act.

The clerk will call the roll.

The bill clerk called the roll.

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

The yeas and nays resulted—yeas 40, nays 60, as follows:

[Rollcall Vote No. 198 Leg.]

YEAS—40

Akaka	Ford	Lieberman
Baucus	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Conrad	Kerrey	Robb
Daschle	Kerry	Rockefeller
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	
Feinstein	Levin	

NAYS—60

Abraham	Faircloth	McCain
Ashcroft	Frist	McConnell
Bennett	Gorton	Murkowski
Bingaman	Gramm	Nickles
Bond	Grams	Nunn
Brown	Grassley	Packwood
Burns	Gregg	Pressler
Byrd	Hatch	Roth
Campbell	Hatfield	Santorum
Chafee	Helms	Sarbanes
Coats	Hutchison	Shelby
Cochran	Inhofe	Simpson
Cohen	Jeffords	Smith
Coverdell	Kassebaum	Snowe
Craig	Kempthorne	Specter
D'Amato	Kennedy	Stevens
DeWine	Kyl	Thomas
Dodd	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner

The PRESIDING OFFICER. On this question, the yeas are 40, the nays are 60. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

AMENDMENT NO. 1161

(Purpose: To restore funding to the AFDC and JOBS programs by using amounts set aside for a tax cut)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. EXON] for Mr. MOYNIHAN, proposes an amendment numbered 1161.

The amendment is as follows:

On page 74, strike lines 12 through 24 and insert the following: "budget, the appropriate budgetary allocations, aggregates, and levels shall be revised to reflect $55,000,000,000 in budget authority and outlays of the additional deficit reduction achieved as calculated under subsection (c) for legislation that retains AFDC as a Federal entitlement and restores budget authority and outlays for other income security programs.

"(b) REVISED ALLOCATIONS AND AGGREGATES.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chair of the Committee on the Budget of the Senate may submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974, budgetary aggregates, and levels under this resolution, revised by an amount that does not exceed the additional deficit reduction specified under subsection(d).".

Mr. EXON. Mr. President, Senator MOYNIHAN has proposed this amendment which will enable Congress to improve our welfare system rather than dismantle it. Under the amendment, Aid to Families with Dependent Children will remain a Federal entitlement program.

The amendment will, over 7 years, restore $55 billion to the income security programs, including Aid to Families with Dependent Children, supplemental security income and unemployment insurance under the jurisdiction of the Finance Committee.

The amendment is deficit neutral. It is financed in part by the fiscal dividend that will accrue to the Federal Government if we balance the budget.

Mr. DOMENICI. Mr. President, I might say to my friend, Senator EXON, I thought matters might get better after the last one, but they are getting worse. Maybe we will have to jointly look at some of these.

I would just say from our side what this does is take $55 billion of the reserve fund that we have in contingency and it would spend it for an entitlement under AFDC.

Mr. President, the pending amendment is not germane to the provisions of the budget resolution pursuant to 305(b) of the act. I raise a point of order against the pending amendment.

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the act for consideration of the pending amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO WAIVE THE BUDGET ACT

The PRESIDING OFFICER. The Senate is reminded this is a 9-minute vote. I intend to close the vote at 9 minutes.

The question is on the motion to waive the Budget Act. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted, yeas 41, nays 59, as follows:

[Rollcall Vote No. 199 Leg.]

YEAS—41

Akaka	Feinstein	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Lautenberg	Simon
Exon	Leahy	Wellstone
Feingold	Levin	

NAYS—59

Abraham	Chafee	Domenici
Ashcroft	Coats	Faircloth
Baucus	Cochran	Ford
Bennett	Cohen	Frist
Bond	Coverdell	Gorton
Brown	Craig	Gramm
Burns	D'Amato	Grams
Byrd	DeWine	Grassley
Campbell	Dole	Gregg
Hatch	Lugar	Shelby
Hatfield	Mack	Simpson
Helms	McCain	Smith
Hutchison	McConnell	Snowe
Inhofe	Murkowski	Specter
Jeffords	Nickles	Stevens
Kassebaum	Nunn	Thomas
Kempthorne	Packwood	Thompson
Kohl	Pressler	Thurmond
Kyl	Roth	Warner
Lott	Santorum	

The PRESIDING OFFICER (Mr. THOMPSON). On this vote the yeas are 41, and the nays are 59. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1162

(Purpose: To express the sense of the Senate on the importance of research, technology, and trade promotion and trade law enforcement programs)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. BINGAMAN, for himself, Mr. LIEBERMAN, Mr. ROCKEFELLER, Mr. BIDEN, Mr. HOLLINGS, Mr. BYRD, Mr. KERRY, Mr. DODD, and Mr. PRYOR, proposes an amendment numbered 1162.

The amendment is as follows:

At the end of the concurrent resolution, add the following:

SEC. . SENSE OF THE SENATE ON THE IMPORTANCE OF RESEARCH, TECHNOLOGY, AND TRADE PROMOTION AND TRADE LAW ENFORCEMENT PROGRAMS.

(a) FINDINGS.—The Senate finds that—

(1) the public welfare, economy, and national security of the United States have benefited enormously from the investments the Federal Government has made over the past fifty years in research, technology, and trade promotion and trade law enforcement;

(2) these investments are even more important at the dawn of the twenty-first century in order to insure that future generations of Americans can remain at the forefront of exploring the endless scientific and technological frontier in the face of ever greater challenges from abroad and thereby maintain and improve their health, standard of living, and national security; and

(3) enforcement of United States trade laws and promotion of United States exports, especially programs in support of small and medium sized businesses, serve an invaluable function in creating jobs, promoting national economic growth, and allowing American workers and businesses to have the resources to compete in an ever more competitive global economy.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that, in the assumptions for the overall accounts, it is assumed that—

(1) in allocating discretionary spending in fiscal years 1996 through 2002 within the discretionary spending limits established in section 201, the Committee on Appropriations will make it a high priority to maintain the overall fiscal year 1995 investment

level (without adjustment for inflation) in research, technology and trade promotion, and trade law enforcement programs; and

(2) the conferees on the concurrent budget resolution will not agree to any revenue reductions below current law unless the discretionary spending limits established in the conference report will permit the Committee on Appropriations to achieve the goal established in paragraph (1).

Mr. BINGAMAN. Mr. President, this amendment expresses the sense of the Senate that it should be a high priority to maintain the overall fiscal year 1995 investment level, without adjustment for inflation, in research, technology, trade promotion, and trade law enforcement programs over the next 7 years.

The amendment further expresses the sense of the Senate that the conferees should not agree to any tax cuts below current law unless the discretionary spending limits in the conference report permit the achievement of the above goal.

The GOP budget will reduce civilian research and technology programs to a four decade low as a percentage of GDP and Federal spending. By 2002, Federal civilian research will be 0.26 percent of gross domestic product. The Bingaman amendment would effectively urge that this be raised to 0.31 percent of GDP.

For comparison purposes in 1969, the last year we balanced the budget, civilian research was 0.76 percent of GDP. The lowest it ever was in the Reagan years was 0.38 percent of GDP in 1986. It is currently 0.46 percent of GDP. No one can claim that it is research that has caused our deficit. Quite the contrary. Almost every economist believes our investments in civilian research pay for themselves many times over in economic growth and the taxes that corporations pay on the fruits of our federally supported scientific enterprise.

The governments of other industrialized nations, such as Japan and Germany, invest about six-tenths of 1 percent of GDP in civilian research. We are already below them, even if you include the Pentagon's dual-use basic and applied research investments. And we are pointing under the GOP budget to spending less than half of what our economic rivals spend.

The cuts in Federal support of civilian research will not be made up by the private sector. The reason: they have an ever-shorter focus and an ever greater unwillingness to invest in long-term research projects, the benefits of which are uncertain and usually not capturable by a single firm.

Every other nation is following the American model of the last half century. They are seeking to invest more, not less, in civilian research.

Our model has succeeded. It put men on the Moon, revolutionized medicine, developed computers, communications, and advanced materials unimagined a half century ago. Vannevar Bush, the giant of the post-World War II generation, predicted just this in his monograph ''Science: the Endless Frontier'' that served as the basis of a social compact between government and the research community for the last half century.

For the past half century, the Federal Government has acted on that vision to foster a science and technology enterprise in this country second to none. Government research funds have helped conquer diseases, win the cold war, and spur incredible advances in electronics, computers, molecular biology, communications, and materials science. These advances enrich our daily lives and are at the heart of our nation's status as an economic and military superpower.

It is not an accident that American industries from aerospace to agriculture to pharmaceuticals in which the Federal Government has made substantial research investments enjoy world leadership.

As we enter the 21st century, we can not afford a Luddite approach. The scientific and technogical frontier is still endless. We risk condemning our children and grandchildren to a less prosperous, less healthy, and less secure future if we follow the course in the budget resolution.

The Bingaman amendment is intended to provoke a debate and to serve as a warning. It does not fix the problem. Even if its prescription is followed, we will still be spending half of what our rivals spend in 2002. But it is a step in the right direction, a finger in a breaking dike.

If action is not taken to deal with this, we will lose a generation of research and a generation of young researchers who will choose other professions. We will not be able to recover for years from this damage once the pendulum swings back in favor of Federal research investments as it will when the full damage of the GOP budget becomes clear.

Almost a century ago in 1899 the head of the Patent Office, Charles Duell, proposed to close up shop because ''everything that can be invented has been invented.'' Luckily we did not follow such Know-Nothing advice as we prepared for the 20th century. A half century later Vannevar Bush laid out his vision for the Federal role in science and technology.

Now we face a choice again between these competing visions, Duell's and Bush's. We must reject the notion the endless frontier is over, that every invention has been made, and continue to commit to a brighter future for our children. We cannot afford to shortchange research if the 21st century is to be an American century as the 20th century was.

I ask unanimous consent that several newspaper articles be printed in the RECORD.

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

[From the New York Times, May 22, 1995]

G.O.P. BUDGET CUTS WOULD FALL HARD ON CIVILIAN SCIENCE

BASIC RESEARCH AT RISK

EXPERTS FORESEE A CRIPPLING OF SCIENCE ESTABLISHMENT AND LAYOFFS AT UNIVERSITIES

(By William J. Broad)

The glory days of the Federal science establishment may be over, science leaders fear, as cuts proposed by Republicans to wipe out the budget deficit fall hard on civilian research.

Under the cuts, annual appropriations for nonmilitary research might drop to about $25 billion by 2000 from the current level of $32 billion, for total reductions of $24 billion or more over the period.

At risk is the type of Government-financed basic science that has put men on the moon, explored the deep sea, unlocked the atom, cured cancers, found the remains of lost civilizations, tracked earthquake faults, and discovered the chemistry of life, among other feats.

Specific casualties of the cuts might include atom smashers, new weather satellites, space probes and dozens of large Federal laboratories that study everything from solar power to violent storms.

Republicans say their goal is to trim fat and corporate welfare rather than cripple basic science, which economists agree is a powerful engine for promoting economic growth and high standards of living.

Representative Robert S. Walker, a Republican of Pennsylvania who is chairman of the House Science Committee, said this month that the proposed budget would keep ''a robust science policy while providing for the fundamental science base we need to move forward.''

But Democrats and private experts say the cuts would undo the Federal science establishment, crippling parts of it beyond repair.

To be sure, science leaders in past budget battles, clearly working in their own self-interest, have been known to exaggerate how painful reductions might be. And some pain might be averted as Democrats and Federal agencies fight the cuts, or if President Clinton successfully vetoes spending bills.

Even so, the momentum for change is now so great that many private experts, as well as Democrats, say Federal support of civilian science is destined to weaken and shrink no matter what, its budget declining by as much as a third if inflation is taken into account. Such cuts portend wide changes in American science and American life.

''Any sensible person knows you have to make prudent investments to get ahead,'' Representative George E. Brown, Jr., a Democrat of California and former chairman of the House Science Committee, said in an interview last week. ''But the Government doesn't. We're dominated by fools.''

Agency heads, university officials and private experts say the fabric of science is likely to fray widely as the Republican juggernaut rolls forward and as the Clinton Administration makes its own cuts in an attempt to regain lost political ground.

''Nationally, there's been a massive sticking of heads in the sand, of not looking at the problem,'' said John Wiley, provost at the University of Wisconsin in Madison, one of the nation's top science schools. ''There's going to be a price of pay.''

Experts say the repercussions could include the abandoning of much long-term environmental monitoring, the virtual end of applied research to aid corporations, layoffs at colleges and universities, and a flight of students from scientific careers.

''We don't want to get so lost in the frenzy to balance the budget that we throw babies out with the bath water,'' John H. Gibbons, President Clinton's science adviser and director of the White House Office of Science and Technology Policy, said in an interview.

''What ever the reduction is—a quarter or a third—it's big, and it's a reversal of historical trends,'' he added, referring to how Republican cuts would end years of budget growth.

''There's no question that we have to be sharper with our knives, to streamline the agencies,'' Dr. Gibbons said. ''But if you take away a third, that's going to push us way down in terms of international competition.''

During the last four decades, the Federal Government has spent nearly $1 trillion on civilian research and development, laying the basis for a powerful wave of prosperity that has touched most facets of American life. In pushing back the frontiers of knowledge, the Federal money has supported tens of thousands of scientists at universities across the country and has financed the work that led to scores of Nobel Prizes.

Spending on nonmilitary science has grown fairly steadily in the last decade. It peaked this year at $31.9 billion, according to the National Science Foundation, a Federal agency that finances much basic research at universities.

The civilian science budget of the Federal government is puny compared to the $100 billion that American industry is putting into reseach and Development this year. Yet its importance is greater than size alone suggests, for while industry typically looks years ahead, aiming to please shareholders, the Government often looks decades and sometimes centuries ahead, pursuing fundamental issues of understanding that may ultimately lead to wide social benefits.

Another difference is that industrial science is often shrouded in secrecy. By contrast, Government-financed civilian work is usually published openly so it can serve as intellectual kindling for other social and commercial endeavors.

After their sweep in the midterm elections last November, the Republicans devised a balanced-budget plan that went easy on military research, currently about $40 billion a year, and hard on civilian science, especially on Federal programs with ties to industry. An aim of the Clinton Administration has been to help high-technology industries better compete with foreign rivals.

House Republicans produced the most detailed plan for science cuts, which was endorsed Thursday by the full House as part of a comprehensive package to balance the budget by 2002. The Senate is debating a companion measure.

Democrats of the House Science Committee portray the House plan as an extensive cracking of the foundations of Federal science. By their calculation, spending under the committee's jurisdiction would fall by a total $24 billion from 1996 to 2000, relative to 1995 levels. If 3 percent annual inflation is assumed during that period, the overall drop would be 34.7 percent in terms of real purchasing power.

The committee oversees most civilian science spending in the Federal budget, with responsibility for $27.2 billion this year. The exceptions are the National Institutes of Health and the Agriculture and Interior Departments. The latter's Geological Survey, which monitors water, hunts minerals and makes maps, has been targeted for eventual elimination by the Republicans. Its current budget is $571 million.

The biggest cuts are slated for the Federal Government's largest scientific agency, the National Aeronautics and Space Administration. Among possible victims is tiny Pioneer 10, now nearly six billion miles from Earth and still sending back data more than two decades after it was launched.

''A lot more than Pioneer will go,'' NASA's Administrator, Daniel S. Goldin, said in an interview.

The Republicans would squeeze a series of planned satellites for global climate monitoring, trimming the budget by $2.7 billion, or about half, to the end of the decade. Overall, the agency's annual budget would drop from $14.3 billion to $11 billion by 2000.

On Friday, Mr. Goldin outlined a plan that would move toward eventually turning over operation of the space shuttles to private industry, something the Republicans have called for. The NASA plan would also reduce the work force of the agency and its contractors by about 25,000 people, bringing it to 1961 levels.

''We're right at the edge,'' he said. ''The Republican cuts would roughly double that, pushing about 20,000 people out the door.''

A similar tale comes from the National Oceanic and Atmospheric Administration, whose parent, the Commerce Department, has been targeted for elimination by the Republicans. Among other things, NOAA runs weather satellites, makes forecasts, tracks hurricanes and tornadoes, probes the deep ocean and monitors fisheries.

James D. Baker, NOAA's Administrator, said in an interview that the agency was already losing 2,300 employees and that the proposed Republican cuts would trim another 1,000 in 1996 alone. Its budget for that year would fall to $1.7 billion from a current $2 billion, with deeper cuts in following years.

''What we see coming is a real tragedy,'' he said. ''We'll have to cut services and stop future investments on all kinds of things.''

NOAA runs 11 environmental research labs around the country to study things like air quality, climate changes and severe storms. Some labs would have to be cut back or closed down. And proposed Republican cuts for 1996 would force the agency to abandon plans for a new weather satellite.

Ultimately, NOAA officials say, lives will be at risk if weather forecasts decline in quality.

''We're a service agency,'' said Douglas K. Hall, NOAA's Deputy Administrator. ''We have people on duty 24 hours a day at the union's airports. They're critical to the safety of millions of Americans.''

More esoteric is the work of the Energy Department, which studies new kinds of solar and geothermal energy production, struggles to harness the nearly limitless power of nuclear fusion, and probes the atom with big particle accelerators. It also is conducting a costly cleanup of sites contaminated by decades of nuclear weapons production.

Its current budget is $17.5 billion. The Republicans would cut that by a total of $7 billion over five years.

The department says the cuts would trim 2,000 university science jobs and 3,500 jobs from its sprawling system of laboratories, would end the large fusion experiment at Princeton University and would force the cancellation of one of its atom-smasher projects. In addition, hundreds of companies, universities and Federal laboratories that are trying to improve energy efficiency would lose funds.

One bright spot in the Republican proposal is the National Science Foundation, whose current budget is $3.3 billion. The Republicans would slightly boost basic research to match expected inflation but would squeeze the social sciences, which include economics, anthropology, psychology, sociology, geography and archeology.

The National Institutes of Health, the nation's biomedical research giant and a main patron of university research, would also get some preferential treatment. Its $11.3 billion budget would drop slightly in 1996 and then freeze. Even without severe reductions, however, N.I.H. officials say their programs would be devastated by inflation.

For the nation's system of big research universities, said Dr. Wiley of the University of Wisconsin, ''there's likely to be a shake-out'' as the cuts hit home and universities shut down programs.

''We'll probably emerge from the next 15 or 20 years with far fewer universities that try to be comprehensive,'' he said.

Robert L. Park, a physicist at the University of Maryland and a spokesman for the American Physical Society, the nation's leading group of physicists, said the race between Republicans and Democrats to make science cuts boded ill for the future.

''Enormous promises have been made and it's hard to see how they can back away from those,'' he said, referring to the Republican promise to balance the budget.

''Social Security and most of Medicare is off the table,'' he added. ''There's not much left in the discretionary budget, except for science.''

[From the New York Times, May 23, 1995]

CRIPPLING AMERICAN SCIENCE

The budget plan passed by the House mounts an assault on scientific research, science training and American research universities that are the envy of the world. Blinded by ideological fury at government, House Republicans seek to abandon a crucial function of government, the provision of public goods like research that are undersupplied by private markets. Private companies will invest in research that is likely to raise their profit, but they are unwilling to invest in research whose benefits leak out to competitors. By abandoning government's irreplaceable role, the House budget would undermine America's technological base.

The magnitude of the House-passed cuts is shocking. Civilian research would fall over five years from about $32 billion to $25 billion, a 35 percent cut after accounting for inflation. Medical research, other than for AIDS, would fall by more than 25 percent. Robert Walker, chairman of the House Science Committee, says the plan would protect basic science. He dissembles. His budget would increase spending on research by the National Science Foundation. But the small increases would not keep pace with inflation, so the number of university-based scholars, graduate students and research projects that the N.S.F. supports would steadily fall. Indeed the plan envisions wiping out support for social science research.

The House budget would continue to support the space shuttle and space station, two costly hardware projects with constituencies in key electoral states, but it would provide little money for other aeronautical and space research. It would cut several energy research programs by between 35 and 80 percent—eliminating thousands of university jobs—and reduce research on high-speed rail and other transportation projects. Republicans say their cuts eliminate only applied research that business can undertake for itself, but they propose slashing nearly every program in sight.

Not all the research that Washington pays for makes sense. Some university-based research can sound ridiculously abstruse. But there is danger in indiscriminately chopping research and undermining a system that has for decades produced the best scientists and graduate programs in the world. The sectors in which America has led the world—from computers and software to agriculture and aircraft manufacturing—can trace their success to heavy Federal support.

Mr. Walker could have performed a valuable service by carefully sifting through Federal programs to weed out those that needlessly subsidize corporations for research and development projects that they would undertake for themselves. But massive cutting just to reach a balanced budget quickly risks damaging important economic assets.

The party that preaches cost-benefit analysis for Federal agencies ought to practice what it preaches. Cutting the science budget will save a few billion dollars a year in a $6 trillion economy. Knocking out innovative research can lead to stagnant productivity and growth. By that calculation, the House plan is an irresponsible gamble.

[From the Washington Post, May 19, 1995]

THE GOP NEEDS A BIT MORE R&D ON ITS SCIENCE AND TECHNOLOGY POLICY

(By Michael Schrage)

Charred, smoldering and in ruins: The budget bills pending in Congress leave the Clinton administration's ambitious science and technology agenda looking as if it were zapped by one of those space-based X-ray lasers from the Strategic Defense Initiative that never quite got built. The destruction is near-total. Never have a sitting president's programs promising new public-private partnerships for innovation been so thoroughly extirpated so soon after launch. The Commerce Department's Advanced Technology Program—a $430 million-plus effort to turn the National Institutes of Standards and Technology into a high-tech venture capitalist—is toast. The Technology Reinvestment Program, designed to encourage commercial participation in defense technology development, is targeted for extinction.

Even a $500 million ''national security'' initiative to build flat-panel displays for the Pentagon now shrivels into silicon scraps. Techno-''welfare'' for rich corporations with billion-dollar research and development budgets of their own is being slashed as rigorously and assiduously as welfare for the poor.

Of course, in the context of the biggest proposed budget cuts in U.S. history, there's nothing special about the dismantling of the Clinton science and technology apparat. And why should there be? Everything else is getting cut.

What's disturbingly different, however, is that while the Republican majority cheerfully fuses ideas and ideology when it takes on the nation's health care and welfare budgets, its take on federal science and technology budgets seems oddly disjointed. It looks decoupled not only from the marketplace, but from the marketplace of ideas. The same politicians championing the virtues of America's ''Third Wave'' future prescribe federal science and technology policies that would have been deemed simplistic during the country's agrarian heyday.

The reflexive anti-Washington, pro-market, neo-federalist sentiment that so energizes the right obscures the essential issues that need to be openly debated: What role should the federal government play in supporting non-defense-related research in science and technology? Further, how far should the federal government go in defining regulations and standards that promote innovation in the marketplace? The Republicans insist that market forces are always the best arbiter—but that obviously is not true.

Let's make these conceptually flavored questions more specific and provocative: Would an Internet—with its unique, nonproprietary, flexible, expandable, multimedia architecture—have been an inevitable byproduct of market forces alone? Or did the federal government's active participation play a valuable role in shaping a new kind of medium?

Did federal safety and fuel efficiency standards foisted on the automobile and aerospace industries over the past 25 years promote technical innovation and customer satisfaction? Or did the costs of consumers and the manufacturers clearly outweigh the benefits?

Was the agricultural extension service, created to promote the decentralized diffusion of agricultural innovation among farmers and researchers, an appropriate medium for a central government to support? What about the Morrill Act, which funded the rise of land-grant colleges and universities?

Does a Centers for Disease Control and Prevention to monitor the emergence of potentially dangerous viruses and microorganisms make more sense as a federal or state institution?

The answer to any one of these questions speaks volumes about why the proffered policy choice between ''centralized government'' and ''market forces'' is a false one. In a democracy, of course, the government is the marketplace and vice versa.

Instead of having the courage to deal with these kinds of issues honestly and directly, we have legislators who prefer to cast them into anachronistic vocabularies where it's okay for government to fund ''basic'' and ''pure'' science but ever so bad for taxpayers to sponsor anything that might be ''commercial'' research and development.

But traditional definitions of science and technology have become dangerously obsolete. In key research fields, from computer software to new materials to molecular biology, the distinction between basic science and applied technology has blurred into meaninglessness. The applied technology drives the basic science every bit as much as the basic science drives the applied technology.

For example, finding the umpteenth gene marker in the human genome is ''basic science.'' But building a machine that lets biologists find gene markers 10 times faster is called ''technology.'' Guess which gets funded? Is a data-compression algorithm that squeezes five video streams onto a single copper wire by using a novel topological equation an example of pure science or commercial technology? What if the student who discovered that algorithm is doing his thesis funded by the National Science Foundation but while working at a Japanese electronics company?

Just as it would be crazy to write banking legislation for tomorrow that focused on passbook savings accounts, legislators are kidding themselves if they believe they are doing taxpayers a service by pretending that federally funded science in the 1990s can be managed with the same vocabulary it was in 1975. It can't.

One of the biggest lies inside the Beltway is that ''you can't beat something with nothing.'' Of course you can, as long as you're writing the checks. Say this for the Clintonistas: At least this administration presented a model of how the federal government should ally and align itself with industry to facilitate innovation in science and technology.

The new Republican majority has yet to present a coherent proposal that explains what kinds of investments and returns taxpayers have a right to expect from their federal R&D dollars. It is a most glaring policy weakness from a group that wants to push America into the future.

[From the Wall Street Journal, May 22, 1995]

CORPORATE RESEARCH: HOW MUCH IS IT WORTH?

TOP LABS SHIFT RESEARCH GOALS TO FAST PAYOFFS

(By Gautam Naik)

In the late 1980s, Bob Lucky had what he calls ''a great fantasy.''

As a research at AT&T Corp's. celebrated Bell Laboratories, he was designing a silicon robot the size of a grain of sand. Injected into the human body, it would act as a microsurgeon, traveling to specific locations to fix problems.

''I was damn proud of the stuff we did. The benefits to society could be tremendous,'' Mr. Lucky says. But AT&T scrapped the research because it had no bearing on its main business. Mr. Lucky, a 31-year veteran of Bell Labs, is now at Bellcore.

Chasing far-out notions has long been a hallmark of industrial research in America. But some of the biggest U.S. corporations have cut back sharply on research into ''basic science''—the exploration of how nature works at a fundamental level—to pursue short-term goals and to commercialize products more quickly. Corporate labs, home to 75% of the nation's scientists and researchers, are replacing a cherished culture of independence with a results-oriented approach.

In past decades, the devotion to basic research without regard to boosting the bottom line spawned a steady stream of breakthroughs, including the transistor, the solar cell and the forerunner to today's laser—all at Bell Labs. Now, in the 1990s, the cutbacks are taking a toll. Some disillusioned scientists have fled to academia. Already, U.S. companies are falling behind in advanced data-storage devices and technology for oil exploration.

Some experts worry the shift in an even greater threat to the future. ''It's a short-term response aimed at keeping stockholders happy. Without question this will hurt American competitiveness,'' warns Albert Link, an economics professor at the University of North Carolina at Greensboro.

Companies counter that as competition intensifies and technology accelerates, they must push harder to get more direct value out of their research. ''We need to focus on customers' needs,'' says Daniel Stanzione, who has hammered at that doctrine since becoming president of Bell Labs in March. A former president of AT&T's $6 billion public network equipment division, he is the first hard-core business manager to run the famed research arm.

The National Science Foundation calculates that U.S. companies' spending on basic research declined slightly to $9.7 billion in 1993 and didn't rise last year. In a survey by R&D magazine, half of all companies with ''research and development'' budgets of $50 million or more plan to cut spending this year, for a 3.5% decline overall (About 10% of the R&D budget is typically devoted to basic research.)

Those figures mask far more significant cuts in some areas. Among U.S. makers of communications gear and electronics, spending on basic research dropped 64% between 1988 and 1992 to $350 million. Even government-funded basic research at universities and colleges, which has risen in the last five years, is expected to fall slightly in 1995, according to the National Science Foundation.

International Business Machines Corp. has chopped $1.7 billion from its annual R&D budget since 1992, a 33% reduction to $3.38 billion by last year. In the science-oriented research division, annual spending has fallen to $450 million from $625 million in 1990. The staff of scientists has been cut nearly 20% to 2,600; the number pursuing basic research is down by half to 200.

In the 1980s, IBM labs explored the subatomic mysteries of neutrino particles. In the 1990s, an IBM lab perfected the collapsible ''butterfly'' keyboard in just a year; it might have taken seven years in the old days. Impressive, but keyboards are hardly the stuff of high science.

Bernard Meyerson, an IBM fellow and senior manager at the IBM lab in Yorktown Heights, N.Y., says that despite the reductions, ''core research was preserved.'' But he concedes that cutting back is ''a dicey process'' because ''you won't see the impact of funding cuts until it's too late.''

Elsewhere the changes have been subtle but no less significant. Xerox Corp.'s PARC lab, which invented laser printing and on-screen icons, now gets detailed ''contracts'' from the company's product divisions directing its research. At General Electric Co., the portion of R&D spending devoted to long-term projects is down to 15% from 30% in the 1980s.

Such changes are sweeping Bell Labs, perhaps the most famous lab in the world. AT&T still devotes 10% of its annual $3 billion R&D budget to basic research, but ever bigger chunks will be shifted away from physical science—the lab's traditional strength—to information science, which is closely tied to AT&T's core business. Bell Labs managers used to be promoted solely on the basis of technical achievement. Now they must also display business acumen.

''That wonderful culture at Bell Labs'' is disappearing, laments Phillip Griffiths, director of the Institute for Advanced Study in Princeton, N.J., one of the last strongholds of purely theoretical research in the U.S.

It is difficult to quantify what may be lost because of such shifts. Fiber optics, for one, might have been delayed for decades if not for fundamental discoveries made at Bell Labs, GE and IBM. In the early 1960s, scientists stumbled on a curious find: Gallium arsenide was a natural laser. When they zapped an electrical current through it, it emitted an intense beam of light, thus making practical the laser that was first demonstrated by Hughes Aircraft in 1960. Scientists realized this ''semiconductor injection laser'' could be manipulated to transmit vast amounts of data at nearly the speed of light.

As many big U.S. companies are backing away, some foreign concerns are pushing on. Major high-tech companies overseas increased R&D spending 23% from 1988 to 1993, says Schonfeld & Associates of Lincolnshire, Ill.

At NEC Corp.'s Research Institute in Princeton, N.J., about 30 miles from Bell Labs' campus, scientists delve into condensed matter physics, quantum mechanics and biology. Joseph Giordmaine, a physicist, put in 28 years at Bell Labs but bolted for Japan's NEC in 1988.

Now, as a senior vice president, he presides over some truly far-out projects. In one, a fly, its limbs affixed in wax, is set before a TV screen flashing a series of images. A delicate probe connects a single neuron in the fly's brain to an instrument that measures how fast it registers the TV images.

The research may one day yield insights into how to design a super-fast computer. ''Basic research means you have to be able to take risks and accept failure,'' says Mr. Giordmaine.

Greg Blonder, who invented the wristphone at Bell Labs, has spent most of his career studying physical sciences and their role in future technologies. In January, he switched to ''human-centered engineering'' aimed at making AT&T products more ''customer friendly.''

He admits to nostalgia for bygone days. ''There's no thrill equivalent to the feeling when you discover something late at night, and you know that no one else in the universe knows it,'' he says. ''I miss that.''

[From the Wall Street Journal, May 22, 1995]

BABY BELLS FIND IT HARD TO PUT PRICE ON BELLCORE

(By Leslie Cauley)

How do you value a company that has never turned a profit, is prohibited from designing real products and has no experience competing for customers?

That question faces Bell Communications Research Co., the jointly owned research arm of the seven regional Bell telephone companies. The Bells have announced plans to sell or spin off Bellcore by next year.

The shedding of the company, familiarly called Bellcore, comes at a time when even the most respected technology giants are cutting corporate-research budgets. For the Baby Bells' lab, that raises the question: Who would want it? ''I have no idea,'' answers one Wall Street analyst. ''It isn't commercially oriented, and it's been operated as a nonprofit [entity] that hasn't been accountable to anyone in particular. It's a seven-headed monster right now.''

Bellcore came into being 11 years ago when the old AT&T empire was dismantled, and the seven Baby Bells were spun off. AT&T Corp. held on to the famed Bell Labs, inventor of cellular technology, the transistor and the satellite. The Bells got newly formed Bellcore.

Despite its formal name, only about 10% of Bellcore's work is devoted to outright research. And unlike Bell Labs, Bellcore doesn't engage at all in the blue-sky realm of ''pure,'' or basic, research.

The bulk of Bellcore's work is in software programming and consulting. Bellcore experts often are among the first in an emergency, as in the terrorist bombing in Oklahoma City last month. Bellcore software helps the Bells keep track of which phone wires go where, no small feat considering the more than 150 million telephone lines in the U.S. It also handles such tasks as assigning area codes and designing a phone system aimed at surviving a nuclear attack.

Some of the top engineers and network designers in the world work at Bellcore. They have racked up more than 600 patents. For all the technical muscle, however, the lab has never produced a single commercial product. It can't. Bellcore is shackled by the terms of the AT&T breakup that bar the Baby Bells from making equipment or offering long-distance service. It also can't design production-ready prototypes or steer customers to particular brands of gear.

Once freed from its seven owners, Bellcore would escape these restraints. ''It's about time we were able to start cashing in on what we know and what we have,'' says Alexander Gelman, a Bellcore engineer who experiments with advances in video conferencing.

That's why the future is filled with exhilarating possibilities—but also fraught with fear—for the 6,000 people who work at the lab's five sites in New Jersey. Some senior Bell executives say Bellcore may have to get rid of 2,000 workers and install a new top tier of outsiders to gird for competition.

Technical ability alone won't carry Bellcore in a competitive environment, says Bud Wonsiewiez, vice president of advanced technologies at U S West Inc., the Denver-based Bell. ''Their challenge is to move from a monopoly culture to a competitive culture, which is exactly the same challenge the seven owners face,'' he says.

Many Bellcore insiders acknowledge the risk and even seem energized by it. ''If you're up the challenge it can be quite exhilarating,'' says Rob Zieglar, a Bellcore wireless specialist. ''If not, if can be paralyzing.'' (Some colleagues, he says, are thinking of leaving,) He adds: ''Given the chance, ideas are going to jump here. We're going to be a player.''

From all indications, they have the potential: Following a major fire in a central switching site a few years ago, Bellcore technicians came up with a fire sensor that could detect a problem long before conventional sensors. Then they had to load it up with clunky circuits to make sure it wasn't manufacturable and didn't violate the ban on designing a production-ready device.

''It's not that our people didn't know how'' to make a commercial product, says George Heilmeier. Bellcore's president and chief executive officer. ''They had to do it that way.'' A manufacturer later refined Bellcore's prototype to build a commercial sensor, Mr. Heilmeier says, leaving Bellcore with some royalties, but little glory.

''We know our concepts are doable—we just have to wait for the right time,'' adds Vincent Vecchio, a Bellcore network specialist. Eric Addeo, a research manager, says operating under the restrictions of the AT&T breakup pact ''was like being in a dark room with the door cracked. Now the door is opening.''

But cutting loose from the Bells also means eventually losing guaranteed financial support. The regional phone companies supply more than 80% of Bellcore's $1 billion in annual funding. Bellcore generated the other $200 million or so from non-Bell clients last year, but that isn't nearly enough to support its operations.

The Bells are drafting multiyear contracts with Bellcore to help attract outside investors, but most probably won't commit to more than five years. ''The world is too unpredictable to write contracts that go beyond'' that time frame, says one senior Bell executive.

Its technical expertise might make Bellcore an attractive acquisition for a maker of telecommunications gear or perhaps a large ''systems integrator'' that lashes together a client's computers and phone systems. But the Baby Bells say they won't sell to a direct competitor such as, say, AT&T; they want Bellcore's technology to remain within easy reach.

That point is one of the few on which the Baby Bells have been able to reach easy agreement these days. Bellcore's mission has grown muddled as its owners have begun pursuing divergent and sometimes colliding strategies.

U S West last year acquired two cable systems in Atlanta, home base of BellSouth Corp., with an eye toward offering competitive local phone service. ''That had a sobering influence'' on Bellcore's board, says U S West's Mr. Wonsiewicz, who sits on the Bellcore board. He found himself ''sitting around the table with BellSouth and others [who were] asking, 'When are you going to start offering telephone service against us, Bud?' ''

Yet to pursue even routine matters, Bellcore has been required to win the unanimous approval of all seven Bells. Asked if he'll miss anything once Bellcore is turned loose, Mr. Heilmeier, the lab's CEO, doesn't miss a beat. ''Oh yes, I'll miss those board meetings where we had to have a 7–0 vote on everything,'' he replies sarcastically. ''The tears are welling up in my eyes now.''

[From the New York Time, May 22, 1995]

CLINTON'S AID TO INDUSTRY IS G.O.P. TARGET

TECHNOLOGY AND TRADE PROGRAMS WOULD END

(By David E. Sanger)

WASHINGTON, May 22.—Buried among the Republicans' sharp cost-cutting proposals to balance the Federal budget is the swift dismantling of two of the Clinton Administration's most prominent economic innovations: the Use of the Government to promote exports and the underwriting of new technologies that corporate America considers too risky.

During his Presidential campaign, Mr. Clinton briefly called those strategies ''industrial policy,'' until Republicans seized on the phrase as proof that Mr. Clinton wanted the Government to meddle in the workings of the market. Once in office, the White House dropped the terminology but went ahead anyway with an aggressive program, declaring that the United States needed to develop partnerships with industry and use Government pressure to promote exports, two skills that Japan and Germany turned in to an art after World War II.

The Republican budget proposals would bring many of those efforts to a halt and drastically shrink others, from the Energy Department to the Pentagon. The most sweeping cutback proposal, the ''The Department of Commerce Dismantling Act,'' is scheduled to be introduced on Tuesday by House Republicans. The act would immediately terminate six of the Cabinet department's offices and slice up the organization that provides the skills for trade negotiations with Japan, China and several other nations.

Many of the functions of the Commerce Department's highest-profile organization, the International Trade Administration, would be carved up or eliminated. It is unclear what would happen to the economic ''war room'' that calls in ambassadors, Cabinet secretaries and sometimes the President to put pressure on foreign governments to buy American goods.

Curiously, the White House has said almost nothing in public about the attack on the core of its economic strategy, partly for fear that it would detract from its warnings about proposed cuts to Medicare and other popular social programs.

''Our global competitors are laughing at us,'' Secretary of Commerce Ronald H. Brown said today in a telephone conversation from Paris, where he is attending a meeting of the organization for Economic Cooperation and Development. ''Just at the moment when we've finally learned that there is no way to win without a public-private partnership, without getting the Government involved in promoting a nation's exports, people are incredulous that Congress would be doing this.

''The French are apoplectic that we have been so pro-active and successful,'' Mr. Brown said, a reference to Washington's role in winning a huge contract in Brazil last year over French competition. ''And now they are delighted that we are thinking about not doing it anymore.''

The Republican theory is that the Commerce Department has become a brazen example of ''corporate welfare,'' a term coined by one of Mr. Clinton's Cabinet members and close friends, Labor Secretary Robert B. Reich. To the White House's horror, the phrase—which Mr. Reich has not repeated since—has become a rallying call for the freshman class of Republicans, who do not share their party's traditional closeness or dependence on big business.

''There are 19 different departments in the Government that deal with trade,'' said Representative Dick Chrysler, the Michigan Republican who drafted the legislation to dismantle the Commerce Department 92 years after its creation. ''They could all be reduced to a single Department of Trade.''

Another target of Mr. Chrysler's is the department's Advanced Technology focused on the programs that most people understand,'' said Hazel R. O'Leary, the Secretary of Energy, whose department's budget would shrink by roughly $7 billion over the next five years.

''It's a little early,'' said Laura D'Andrea Tyson, the head of the National Economic Council, an office that was created at the start of the Administration to give economics equal weight with issues of national security. ''There should be a good debate about the wisdom of this, but it is still early in the budget process.''

It may be early, but it seems clear that most of the trade and technology promotion programs will be sharply reduced, if they survive at all.

As a result, the White House's reticence has not kept the departments themselves from starting allout survival campaigns. Capitol Hill these days is flooded with under secretaries and assistant secretaries explaining and justifying programs that have never before come under intense scrutiny.

Many of those programs were started under Republican administrations. The theme of the presentations often boil down to one argument: In an age of economic conflict, cutting out political and economic support for industry is the equivalent of unilateral disarmament. Program, which provides backing for technologies that small companies—and some large ones—consider promising but too risky to attempt. ''This has grown from $10 million in 1990 to $250 million in 1993, and now they want $750 million,'' Mr. Chrysler said. ''This is nothing other than picking winners and losers.''

Such arguments underscore the sharp difference in the way technology and trade policy is dealt with in Washington and in the capitals of its major economic competitors, where trade is considered national security and ''picking winners and losers'' is a phrase with no political resonance.

In Japan and Germany, there is virtually no debate over government programs to provide seed money for risky technologies or to use the influence of top officials to win contracts. It is taken as a given that such roles fall to the central government, along with defending the nation's territory and making foreign policy.

In Japan, for example, officials will freely acknowledge that more than 50 percent of the money committed to new technologies will result in utter failure. But even a 20 percent success rate, they argue, should be considered a success. No one would even attempt such an argument in Washington.

''You can't go up on the Hill and talk about a 40 percent success rate, even if that is a brilliant performance,'' Ms. O'Leary said last week. ''People will say: 'What? We are throwing away 60 percent?' ''

Instead, Ms. O'Leary's department has been churning out news releases about its industrial breakthroughs in energy conservation. A giant sulfur lamp now hangs over the Energy Department's entrance on Constitution Avenue, a single light that replaces 250 bulbs. ''It was developed with $1 million in Government money and much more in private funds,'' she said. ''That is hardly a waste.''

On the Hill, though, no one wants to talk about sulfur lamps, unless they are designed to illuminate a balanced budget. ''This is the tail-wagging-the-dog syndrome,'' Mr. Chrysler said. ''If it is a good invention, let the private sector invent it.''

Mr. GLENN. Mr. President; I rise today to express my strong support for the amendment of my friend from New Mexico, Mr. BINGAMAN, which urges continued funding for Federal investments in research, technology, export promotion and trade law enforcement. I take strong exception to the position espoused by the Republican budget resolution—that technology research and trade promotion are not proper and appropriate functions of the Federal Government. They are, in fact, not only appropriate but vital to continued U.S. economic growth and competitiveness in today's global economy.

I have long maintained that our Nation needs to be more, not less, cognizant of the crucial role technology plays in affecting our position in the world economy. Without it we would not enjoy the industrial and military strength we have today. Our Government has traditionally played a critical role in this area and I am convinced we must continue to invest prudently in research and technology development if we are to maintain our position in an increasingly competitive global economy. And with all due respect to my Republican friends, the private sector cannot and will not commit sufficient resources to make up for the cuts proposed by the Republican budget.

Eroding and/or eliminating the Federal Government's role in scientific research and technology development is like eating our seed corn, short sighted and ill advised in the extreme.

I would assign the same labels—short-sighted and wrong-headed—to the proposed elimination of Federal programs which promote U.S exports. Undeniably trade has become a major factor in the U.S. economy. According to the Trade Promotion Coordinating Committee, ''long-term forecasts of the U.S. economy put exports as the fastest growing component of GDP—increasing perhaps two and a half times faster than the overall economy.''

As the 3rd largest exporter of manufactured goods among the 50 States, Ohio has benefited greatly from, and has a vital economic stake in, robust international trade. We cannot turn a blind eye to the fact that all our major trade competitors spend considerably more than we do to push their products in overseas markets. Nevertheless, our relatively modest investments at the Federal level, prudently targeted and efficiently managed, effectively complement private sector marketing efforts and maintain our position is an increasingly competitive international economic environment. Because governments are major purchasers in most of the primary categories of U.S. exports, for example aerospace, power generation, transportation, and telecommunications, the government-to-government contacts are particularly useful and appropriate.

The least we can and should do in the interest of future economic growth, jobs and prosperity is to maintain the current modest level of Federal investment in research, technology and trade promotion.

Mr. PRYOR. Mr. President, I am proud to be a cosponsor of Senator BINGAMAN's amendment to protect funding for the important investments that our Nation currently makes to help our businesses compete in the evolving global economy.

Mr. President, as the cold war passes into our memories, a new type of global challenge to the health and welfare of America has emerged. It is an economic war that American businessmen and women are fighting in the US marketplace and in global markets against foreign competitors support and encouraged by their governments.

As Commerce Secretary Ron Brown recently said, the budget before us today is tantamount to unilateral disarmament of the United States. It is the business equivalent of shutting down the Pentagon to save money in the middle of a world war.

Mr. President, don't believe me or Secretary Brown. Believe the words of the customers, the American businesses on the front line of global competition.

This morning's Arkansas Democrat-Gazette had a strong story in which businessmen were asked what they thought about the idea of eliminating trade and technology efforts at the Commerce Department. I ask that "Cutting out Commerce Finds Few Fans in Trade" be placed in the RECORD following my statement and urge my colleagues to read it.

The Vice Chairman of the Arkansas District Export Council, Dave Eldridge, said "For a person who has been an international businessman for 30 years, I can tell you that (closing the Commerce Department) would be a serious mistake."

As businesspeople in Arkansas point out, at stake is no less than the future economic health of our Nation and our standing and power in the international community.

At stake are American jobs threatened by tariffs or other restrictions on US products in foreign markets. At stake are American businesses, large and small, that must beat foreign competitors to the market with new and better products, cut costs and improve quality through better manufacturing technologies, and position themselves in the emerging overseas that will generate huge new consuming publics in the future.

To help American businesses compete, the US Government has made modest but effective investments in export promotion, trade law enforcement, technology and research. All of these investments are under attack in this budget.

TRADE

Mr. President, one of the great success stories in our work to support US businesses overseas is the International Trade Administration (ITA) at the Commerce Department. During the first 2 years of the Clinton administration, ITA advocacy of US business has boosted US exports by $23.6 billion, thereby creating over 300,000 American jobs.

Taxpayers invested roughly $500 million in the ITA and received a return of $23 billion in exports. That would pass anyone's cost-benefit test.

ITA has helped to open foreign markets for American business and to enforce US trade laws that protect us against unfair competition.

This budget resolution apparently would dissolve the ITA. Again, Mr. President, that is unilateral disarmament.

TECHNOLOGY

Helping American businesses stay at the cutting edge of new technologies is vital to long term competitiveness and that is exactly what the National Institute of Standards and Technology, or NIST, is in the business of doing. According to studies, 25 percent of America's economic growth since the end of World War II can be attributed to technology advances. NIST's primary mission is to bolster US competitiveness by advancing civilian technology by investing in long term, high-risk research and development.

This formula for technology advancement is working. NIST leverages scarce resources, cost sharing, and risk sharing with industry and other government entities. It is maximizing returns to American businesses and minimizing costs to taxpayers.

Another technology program that has proven itself is the Technology Reinvestment Project (TRP). TRP has worked to integrate our military and civilian technology sectors in a way that will strengthen our economy and military. TRP is another useful example of how partnerships between government and industry are useful in pooling Federal and non-Federal resources toward a common goal.

Mr. President, quite simply, we can not afford to cut TRP. For years the US military relied on its own separate technology sector and the American taxpayers were forced to pay the huge bills. If we want our military to deploy the most technologically advanced equipment at the lowest cost possible, we must tap into civilian markets more often. By doing so, everyone wins—the US military, the American taxpayer, businesses and our economy.

These technology advancement efforts are under attack in this budget. Their demise would effectively mortgage our future competitiveness and economic health to buy short term budget savings.

MANUFACTURING

To help small and medium sized manufacturers put new technologies to work in global competition, this administration has opened 25 new manufacturing centers. These centers bring proven technology to our nation's 370,000 small and medium-sized manufacturers. The Centers have received rave reviews from their customers.

Again, this successful investment in future jobs and economic growth is also under attack in this budget.

In nations around the world, investments in technology and trade development are top budget priorities. Japan, Germany and others will be glad to hear that this budget resolution strips the United States of its most effective weapons for global economic competition.

Mr. President, it is vitally important that we maintain funding for our investments in research, technology, and export promotion. The U.S. should be investing more in making our workers and our firms more competitive around the globe so that we can win the battle for markets and profits, as well as higher wages for our workers.

The U.S. can no longer prevail in international economic competition based solely on its vast supply of capital and natural resources, or its large educated work force. The economic battles of today and tomorrow will be won by the firms that can employ the latest technology and the latest information to be the first to market, the highest quality competitor, and the most competitive in pricing. These battles will be won by firms that work in concert with their government to break down foreign trade barriers and open new channels into the mature and the emerging markets of the world.

This amendment preserves the essential functions of trade promotion, technology, and research activities. This funding is critical to our nation's competitiveness. It is critical to the creation of quality jobs in the future. And it is critical to the survival of many American businesses and industries. I urge its adoption.

The article referred to follows:

CUTTING OUT COMMERCE FINDS FEW FANS IN TRADE

(By Randy Tardy)

Arkansas international trade officials reacted strongly to a Republican budget-cutting move Tuesday to abolish the U.S. Department of Commerce and transfer its functions to other agencies of government.

A bill introduced in the House would terminate six Commerce Department programs, including the Economic Development Administration, the Minority Business Development Agency and the Technology Administration, which promotes public-private cooperation in new technology.

The department's export-promoting International Trade Administration would have its functions moved to other agencies, including the State Department, which handled export trade policies until 1980.

"For a person who has been an international businessman for 30 years, I can tell you that would be a serious mistake," said Dave Eldridge, vice chairman of the Arkansas District Export Council and director of economic development for Arkansas Power & Light Co.

Eldridge served as moderator Tuesday for the 1995 World Trade Conference on European markets featuring a trio of Commerce Department officers representing four European countries.

"If the United States is going to maintain its ability to compete effectively in the world market, then we are going to need a strong advocacy in Washington and throughout the world," said Hartsell Wingfield, president of TCBY International, the Little Rock-based frozen yogurt franchiser with operations in 30 countries.

That advocate is not Congress; "it is the strong, effective Commercial Service" sector of the Commerce Department's International

Trade Administration, Wingfield told the conference luncheon in the Excelsior Hotel.

''If we take a hands-off approach to international trade from a political perspective,'' he said, ''we will lose our edge as an international exporter, because other countries are not taking a hands-off approach.''

Joseph O'Brien, an international trade consultant and president of the Arkansas World Trade Club, agreed. ''I've had personal experience on behalf of Arkansas clients with the Commercial Service guys stationed in Paris and Madrid and Mexico City and Guatemala City,'' he said, ''and in every case, they were enthusiastic and they tried hard. They really made a big difference.''

Putting the Commerce Department's international trade role under the State Department would mean a different set of priorities, O'Brien added. ''We really do need to export more in this country, and this is the one way for small companies to get help overseas. The big boys don't need it; the smaller ones do.''

Meanwhile, global trade competition is getting keener, and some of the best potential European markets for Arkansas exports may be in the least-known countries, the Commerce Department's senior commercial officers told the world trade conference.

''Italy is one of the least-known markets in the U.S.; it's a marketplace people don't look at often,'' said Keith Bovetti, minister counselor with the department's Commercial Service in Italy.

The country's ''close to a $1 trillion gross domestic product has the fifth leading economy in the world, and major privatization is going on there,'' he said, ''but there are no shortcuts to being there on the spot to do business.''

Spain and Portugal are also lesser-known economies, said minister counselor Emilio Iodice, who is assigned to the two countries.

''Spain is not just a land of bullfighters and flamenco dancers,'' he said, ''it has a stable government and the highest growth rate in Europe for the last 12 years.'' Spain in 1994 had $6 billion in U.S. investment and, while that's sizable, foreign investment there was greater, he said.

Portugal, with one-fourth Spain's population, ''is a new country, economically,'' Iodice said, noting increased investments in foreign goods and services to help the country become more competitive globally.

Mr. EXON. Mr. President, let me be very brief and concise.

This amendment by Senator BINGAMAN expresses the sense of the Senate regarding the importance of research, technology, trade promotion, and trade law enforcement programs all very important to America. This particular amendment is cosponsored by Senators LIEBERMAN, ROCKEFELLER, BIDEN, HOLLINGS, BYRD, KERRY, DODD, and PRYOR.

Mr. DOMENICI. Mr. President, this amendment says that the conferees have to keep spending limits at a certain level to accomplish the goals that the amendment contemplates, and there shall be no revenue reductions unless we do. Some of the goals are rather vague, and it is pretty difficult to know what we must do.

It is with reluctance that I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico [Mr. DOMENICI] to lay on the table the amendment of the Senator from New Mexico [Mr. BINGAMAN]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 53, nays 47, as follows:

[Rollcall Vote No. 200 Leg.]

YEAS—53

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Packwood
Brown	Grassley	Pressler
Burns	Gregg	Roth
Campbell	Hatch	Santorum
Chafee	Hatfield	Shelby
Coats	Helms	Simpson
Cochran	Hutchison	Smith
Cohen	Inhofe	Snowe
Coverdell	Kassebaum	Specter
Craig	Kempthorne	Stevens
D'Amato	Kyl	Thomas
DeWine	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner
Faircloth	McCain	

NAYS—47

Akaka	Feinstein	Levin
Baucus	Ford	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Bradley	Heflin	Murray
Breaux	Hollings	Nunn
Bryan	Inouye	Pell
Bumpers	Jeffords	Pryor
Byrd	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	

So the motion to lay on the table was agreed to.

Mr. EXON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1163

(Purpose: To protect children receiving health care insurance under Medicaid)

Mr. EXON. Mr. President, on behalf of Senator MURRAY, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mrs. MURRAY, proposes an amendment numbered 1163.

Mr. EXON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 79, between lines 3 and 4, insert the following:

SEC. . PROHIBITION OF LEGISLATION THAT WOULD DEPRIVE CHILDREN OF THEIR HEALTH INSURANCE UNDER MEDICAID.

(a) POINT OF ORDER.—It shall not be in order in the Senate to consider any bill, resolution, amendment, motion, or conference report that would cause children eligible to receive benefits under Medicaid (whether currently or in the future) to lose any of those benefits.

(b) WAIVER.—This section may be waived or suspended in the Senate by a majority vote of the Members voting, a quorum being present, or by the unanimous consent of the Senate.

(c) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to this section shall be limited to 1 hour, to be equally divided between and controlled by, the appellant and the manager of the bill or resolution, as the case may be. An affirmative vote of a majority of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this provision.

(d) CONGRESSIONAL BUDGET OFFICE REPORTS.—Whenever the Director of the Congressional Budget Office prepares a report pursuant to section 308 of the Congressional Budget Act of 1974 in connection with a bill, resolution, or conference report that the Director believes would cause children eligible to receive benefits under Medicaid (whether currently or in the future) to lose any of those benefits, the Director shall so state in that report and, to the extent practicable, shall include an estimate of the number of children eligible to receive benefits under Medicaid (whether currently or in the future) who would lose any of those benefits as a result of that legislation.

(e) ESTIMATES.—Solely for the purposes of enforcement of this section in the Senate, the number of children eligible to receive benefits under Medicaid shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

Mr. EXON. Mr. President, a majority vote point of order against this legislation will cause children currently receiving health care insurance under Medicare to lose their insurance. What this does is simply requires a majority vote if such an event would take place.

Mr. DOMENICI. Mr. President, this amendment is not germane to the budget resolution. It establishes another procedure on how the Senate should consider future Medicaid reform legislation. Because of that, I raise a point of order against the pending amendment.

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive that act for consideration of the pending amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO WAIVE THE BUDGET ACT

The PRESIDING OFFICER. The question occurs on agreeing to the motion to waive the Congressional Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

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

The yeas and nays resulted—yeas 45, nays 55, as follows:

[Rollcall Vote No. 201 Leg.]

YEAS—45

Akaka	Feingold	Leahy
Baucus	Feinstein	Levin
Biden	Ford	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Bradley	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Pell
Bumpers	Inouye	Pryor
Chafee	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone

NAYS—55

Abraham	Gorton	Murkowski
Ashcroft	Gramm	Nickles
Bennett	Grams	Nunn
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Roth
Byrd	Hatfield	Santorum
Campbell	Helms	Shelby
Coats	Hutchison	Simpson
Cochran	Inhofe	Smith
Cohen	Jeffords	Snowe
Coverdell	Kassebaum	Specter
Craig	Kempthorne	Stevens
D'Amato	Kyl	Thomas
DeWine	Lott	Thompson
Dole	Lugar	Thurmond
Domenici	Mack	Warner
Faircloth	McCain	
Frist	McConnell	

The PRESIDING OFFICER. On this question, the yeas are 45, the nays are 55. Three-fifths of the Senators duly chosen and sworn having not voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

AMENDMENT NO. 1164

(Purpose: To express the sense of the Senate that the Federal Government has a financial responsibility to schools in our Nation's communities which are adversely affected by Federal activities and that funding for such responsibilities should not be reduced or eliminated)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON] for himself, and Mrs. MURRAY, Mr. DASCHLE, Mr. PRESSLER, Mr. AKAKA, Mrs. HUTCHISON, Mr. LEVIN, Mr. BINGAMAN, Mr. PELL, Mr. DORGAN, Mr. BAUCUS, Mr. KERREY, and Mrs. KASSEBAUM proposes an amendment numbered 1164.

The amendment is as follows:

At the end of title III, insert the following:

SEC. . SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds as follows:

(1) In order to fulfill its responsibility to communities that were adversely affected by Federal activities, the Congress established the Impact Aid program in 1950.

(2) The Impact Aid program is intended to ease the burden on local school districts for educating children who live on Federal property. Since Federal property is exempt from local property taxes, such districts are denied the primary source of revenue used to finance elementary and secondary education. Most Impact Aid payments are made for students whose parents are in the uniformed services, or for students who reside on Indian lands or in federally subsidized low-rent housing projects. Over 1,600 local educational agencies enrolling over 17,000,000 children are provided assistance under the Impact Aid program.

(3) The Impact Aid program is one of the few Federal education programs where funds are sent directly to the school district. Such funds go directly into the general fund and may be used as the local educational agency decides.

(4) The Impact Aid program covers less than half of what it costs to educate each federally connected student in some school districts, requiring local school districts or States to provide the remainder.

(5) Added to the burden described in paragraph (4) is the fact that some States do not rely upon an income tax for State funding of education. In these cases, the loss of property tax revenue makes State and local education funding even more difficult to obtain.

(6) Given the serious budget constraints facing State and local governments it is critical that the Federal Government continue to fulfill its responsibility to the federally impact school districts in our Nation's States.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that in the assumptions for the overall accounts it is assumed that—the Federal Government has a financial responsibility to schools in our Nation's communities which are adversely affected by Federal activities and that funding for such responsibilities should not be reduced or eliminated.

Mr. EXON. This is sense of the Senate on impact aid, to recognize the fact that the Federal Government has a financial obligation to schools in our communities adversely affected by some of the proposed activities, and that we should not reduce or eliminate funding for these responsibilities.

Mr. DOMENICI. Mr. President, I am prepared to accept the amendment if there will be no rollcall vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1164) was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1165

(Purpose: To express the sense of the Senate regarding student loan cuts)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON] for Mr. PELL proposes an amendment numbered 1165.

At the end of title III, insert the following:

SEC. . STUDENT LOAN CUTS.

(a) FINDINGS.—The Senate finds that—

(1) in the 20th century, educational increases in the workforce accounted for 30 percent of the growth in our Nation's wealth, and advances in knowledge accounted for 55 percent of such growth;

(2) the Federal Government provides 75 percent of all college financial aid;

(3) the Federal student loan program was created to make college accessible and affordable for the middle class;

(4) increased fees and interest costs discourage college participation by making higher education more expensive, and more of a risk, for students and their families;

(5) full-time students already work an average of 25 hours per week, taking time away from their studies; and

(6) student indebtedness is already increasing rapidly, and any reduction of the in-school interest subsidy will increase the indebtedness burden on students and families.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the assumptions underlying the functional totals in this resolution assume the Labor and Human Resources Committee, in seeking to achieve mandatory savings, should not increase the cost of borrowing for students participating in the Robert T. Stafford Federal Student Loan Program.

Mr. EXON. The Pell amendment expresses the sense of the Senate that the Labor and Human Resources Committee, in seeking to achieve mandatory savings, should not increase the cost of borrowing for students participating in the Robert T. Stafford Federal Student Loan Program.

Mr. DOMENICI. Mr. President, who is the sponsor of that amendment?

Mr. EXON. Senator PELL.

Mr. DOMENICI. Could he change a couple of the words?

Mr. EXON. I am advised we cannot accept this until we clear it with Senator PELL. I apologize to my friend. Can we lay this aside?

Mr. DOMENICI. Pleased to do it. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DOLE. Mr. President, there will be one more vote tonight, and whatever it is, that will be the last vote.

Then at 7 o'clock we will proceed to debate the rescission conference report, but that will not be voted on until tomorrow. The first vote tomorrow will be at 9 o'clock, if it is all right with the Democratic leader, on the conference report. Then we will start voting on amendments from 9 o'clock until some time late in the day, I assume.

I would hope that some of my colleagues will take another look at their amendments and see if they really feel it is important.

The point I want to make is I made a promise to the President we would try to do the counter—antiterrorism bill. I want to try to keep that promise. I do not know how we can do it if we spend all day tomorrow voting.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, might I say to the distinguished majority leader, I believe they are working diligently to try to cut back on the amendments. I thank him for urging that. We believe we can modify the Pell amendment and accept it.

Mr. EXON. Would the Senator please state how he would like to have it amended? It has been agreed to and Senator PELL has authorized it. He is right here. He has authorized me to agree to the changes you had suggested, Senator.

Mr. DOMENICI. That is not the amendment.

Mr. FORD. It is at the desk.

Mr. EXON. Mr. President, we will temporarily set aside the Pell amendment.

AMENDMENT NO. 1166

(Purpose: To repeal the ex-patriots billionaires tax loophole and put the money into veterans programs to assist American patriots)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. EXON], for Mr. LAUTENBERG for himself, Mr. ROCKEFELLER, Mrs. MURRAY, Mr. HARKIN, Mr. WELLSTONE, Mr. REID, Mr. DASCHLE, and Ms. MIKULSKI proposes an amendment numbered 1166.

Mr. EXON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, line 10, increase the amount by $47,000,000.

On page 3, line 11, increase the amount by $144,000,000.

On page 3, line 12, increase the amount by $197,000,000.

On page 3, line 13, increase the amount by $257,000,000.

On page 3, line 14, increase the amount by $322,000,000.

On page 3, line 15, increase the amount by $392,000,000.

On page 3, line 16, increase the amount by $412,000,000.

On page 3, line 20, increase the amount by $47,000,000.

On page 3, line 21, increase the amount by $144,000,000.

On page 3, line 22, increase the amount by $197,000,000.

On page 3, line 23, increase the amount by $257,000,000.

On page 3, line 24, increase the amount by $322,000,000.

On page 3, line 25, increase the amount by $392,000,000.

On page 4, line 1, increase the amount by $412,000,000.

On page 4, line 18, increase the amount by $47,000,000.

On page 4, line 19, increase the amount by $144,000,000.

On page 4, line 20, increase the amount by $197,000,000.

On page 4, line 21, increase the amount by $257,000,000.

On page 4, line 22, increase the amount by $322,000,000.

On page 4, line 23, increase the amount by $392,000,000.

On page 4, line 24, increase the amount by $412,000,000.

On page 5, line 4, increase the amount by $47,000,000.

On page 5, line 5, increase the amount by $144,000,000.

On page 5, line 6, increase the amount by $197,000,000.

On page 5, line 7, increase the amount by $257,000,000.

On page 5, line 8, increase the amount by $322,000,000.

On page 5, line 9, increase the amount by $392,000,000.

On page 5, line 10, increase the amount by $412,000,000.

On page 5, line 17, increase the amount by $47,000,000.

On page 5, line 18, increase the amount by $144,000,000.

On page 5, line 19, increase the amount by $197,000,000.

On page 5, line 20, increase the amount by $257,000,000.

On page 5, line 21, increase the amount by $322,000,000.

On page 5, line 22, increase the amount by $392,000,000.

On page 5, line 23, increase the amount by $412,000,000.

On page 6, line 16, increase the amount by $47,000,000.

On page 6, line 17, increase the amount by $144,000,000.

On page 6, line 18, increase the amount by $197,000,000.

On page 6, line 19, increase the amount by $257,000,000.

On page 6, line 20, increase the amount by $322,000,000.

On page 6, line 21, increase the amount by $392,000,000.

On page 6, line 22, increase the amount by $412,000,000.

On page 43, line 24, increase the amount by $47,000,000.

On page 43, line 25, increase the amount by $47,000,000.

On page 44, line 7, increase the amount by $144,000,000.

On page 44, line 8, increase the amount by $144,000,000.

On page 44, line 15, increase the amount by $197,000,000.

On page 44, line 16, increase the amount by $197,000,000.

On page 44, line 23, increase the amount by $257,000,000.

On page 44, line 24, increase the amount by $257,000,000.

On page 45, line 7, increase the amount by $322,000,000.

On page 45, line 8, increase the amount by $322,000,000.

On page 45, line 15, increase the amount by $392,000,000.

On page 45, line 16, increase the amount by $392,000,000.

On page 45, line 23, increase the amount by $412,000,000.

On page 45, line 24, increase the amount by $412,000,000.

On page 64, line 24, decrease the amount by $47,000,000.

On page 64, line 25, decrease the amount by $967,000,000.

On page 65, line 2, decrease the amount by $1,771,000,000.

Mrs. MURRAY. Mr. President, I am a proud cosponsor of the amendment offered by my colleagues, Senators LAUTENBERG and ROCKEFELLER, to restore funding to veterans' programs by closing the ex-patriots tax loophole.

This provision, which allows billionaires to renounce their citizenship to avoid paying taxes, has been quite popular this year. On two occasions, the Senate has resoundingly supported changing this tax loophole. Unfortunately, final legislation to close this loophole has not yet passed. Today we have an important opportunity to close this unfair loophole once and for all and to help those individuals who must now face personal battles each and every day because they sacrificed for their country.

The Lautenberg-Rockefeller amendment provides that money saved from repealing this tax loophole will be used to restore funds for critical veterans' programs. These individuals have been unfairly and continually targeted as a means to help balance the budget. During the balanced budget amendment debate earlier this year, I supported an amendment by Senator ROCKEFELLER that exempted current veterans' benefits from cuts. That amendment failed 33 to 62, signaling the intent to further cut the benefits of these individuals.

This budget resolution seeks to cut $15.4 billion in funding for veterans' programs through 2002. This will result in denying care to almost 1 million veterans, and closing the equivalent of 35 of its hospitals. Clearly, this is not an effective or responsible way to care for the needs of our Nation's veterans. We should be working on ways to improve care for veterans, not diminish it.

Mr. President, I understand the need to make difficult choices about which programs to cut in our push to balance the budget, and that certain sacrifices must be made. However, we must not lose sight of the promises made to those men and women who fought to help preserve democracy in our country and around the world. We cannot revoke the very care and benefits that were promised to these individuals when they put their lives on the line and served their country.

As the daughter of a disabled veteran, I understand the toll debilitating diseases take on a family. I understand the value of the VA health system and the critical research being done to help improve patient care. This amendment seeks to right a serious wrong. It will help restore funding for veterans programs that provide medical care and medical research for the true patriots of this country, and stop an egregious abuse of a tax loophole by those individuals who wish to be ex-patriots.

I strongly urge my colleagues to support this amendment and help maintain the promises made to the veterans of this country.

Mr. DASCHLE. Mr. President, this year marks the 50th anniversary of the end of the Second World War and the 20th anniversary of the end of the Vietnam war. It is a sad irony that at the same time we honor the brave men and women who served so valiantly in these two wars, Senate Republicans are seeking to cut funding for veterans' programs.

I support a balanced budget, and I want to work with my Republican colleagues to get there. However, we can get to a balanced budget without damaging veterans' programs. To do otherwise says that the sacrifices of those who were ready to risk their lives can be cheaply bought and easily forgotten. It says that solemn promises by Government to those who have risked all in the service of Government can be casually disregarded.

The Republican budget resolution would slice almost $16 billion from veterans' programs over the next 7 years. Part of this savings would come from freezing VA medical care at the fiscal year 1995 level for the next 7 years. This would be a drastic blow to a system that is already sorely underfunded. It will affect every VA health care facility at the same time resources will be withdrawn from Medicare and Medicaid, leading to additional pressures on the VA system.

The budget resolution also proposes to phase out VA construction by 1999. According to the Disabled American Veterans, that would lead to the cancellation of 215 projects needed to meet current health care delivery standards. Clearly, this ill-advised move would jeopardize the quality of veterans' care across the country.

At the same time it cuts funding for needed veterans' programs, this budget resolution does nothing to prevent billionaires living abroad from renouncing their U.S. citizenship solely to avoid U.S. taxes on their fortunes. Although relatively few individuals choose expatriation for this purpose, the resulting revenue loss to the U.S. Treasury is significant. Specifically, closing this tax loophole would raise $3.6 billion in the first 5 years from an estimated two dozen individuals.

The Lautenberg-Rockfeller amendment addresses both of these shortcomings in the current budget resolution. Simply, the amendment would deny huge tax benefits to ex-patriots and use that savings to restore some of the funding being taken from the VA.

As this important amendment illustrates, we don't have to sacrifice the goal of a balanced budget to correct what's wrong with this budget resolution. We need only correct the badly unbalanced priorities it establishes.

Mr. EXON. Mr. President, this amendment I am offering on behalf of Senator LAUTENBERG is called the ex-patriots amendment. This amendment would close the loophole that allows billionaires and others to avoid Federal taxes by renouncing their citizenship, and would apply the savings for restoring funding for the veterans programs.

AMENDMENT NO. 1167 TO AMENDMENT NO. 1166

(Purpose: To repeal the ''Ex-Patriots'' loophole and use the money to eliminate the Social Security earnings penalty)

Mr. DOMENICI. Mr. President, I send a second-degree amendment to the desk for Senator MCCAIN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. MCCAIN and Mr. BROWN, proposes an amendment numbered 1167 to amendment 1166.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

In lieu of the matter proposed, insert the following:

On page 3, line 10, increase the amount by $0.

On page 3, line 11, increase the amount by $0.

On page 3, line 12, increase the amount by $0.

On page 3, line 13, increase the amount by $0.

On page 3, line 14, increase the amount by $0.

On page 3, line 15, increase the amount by $0.

On page 3, line 16, increase the amount by $0.

On page 3, line 20, increase the amount by $0.

On page 3, line 21, increase the amount by $0.

On page 3, line 22, increase the amount by $0.

On page 3, line 23, increase the amount by $0.

On page 3, line 24, increase the amount by $0.

On page 3, line 25, increase the amount by $0.

On page 4, line 1, increase the amount by $0.

On page 4, line 18, increase the amount by $0.

On page 4, line 19, increase the amount by $0.

On page 4, line 20, increase the amount by $0.

On page 4, line 21, increase the amount by $0.

On page 4, line 22, increase the amount by $0.

On page 4, line 23, increase the amount by $0.

On page 4, line 24, increase the amount by $0.

On page 5, line 4, increase the amount by $0.

On page 5, line 5, increase the amount by $0.

On page 5, line 6, increase the amount by $0.

On page 5, line 7, increase the amount by $0.

On page 5, line 8, increase the amount by $0.

On page 5, line 9, increase the amount by $0.

On page 5, line 10, increase the amount by $0.

On page 5, line 17, increase the amount by $0.

On page 5, line 18, increase the amount by $0.

On page 5, line 19, increase the amount by $0.

On page 5, line 20, increase the amount by $0.

On page 5, line 21, increase the amount by $0.

On page 5, line 22, increase the amount by $0.

On page 5, line 23, increase the amount by $0.

On page 6, line 16, increase the amount by $0.

On page 6, line 17, increase the amount by $0.

On page 6, line 18, increase the amount by $0.

On page 6, line 19, increase the amount by $0.

On page 6, line 20, increase the amount by $0.

On page 6, line 21, increase the amount by $0.

On page 6, line 22, increase the amount by $0.

On page 43, line 24, increase the amount by $0.

On page 43, line 25, increase the amount by $0.

On page 44, line 7, increase the amount by $0.

On page 44, line 8, increase the amount by $0.

On page 44, line 15, increase the amount by $0.

On page 44, line 16, increase the amount by $0.

On page 44, line 23, increase the amount by $0.

On page 44, line 24, increase the amount by $0.

On page 45, line 7, increase the amount by $0.

On page 45, line 8, increase the amount by $0.

On page 45, line 15, increase the amount by $0.

On page 45, line 16, increase the amount by $0.

On page 45, line 23, increase the amount by $0.

On page 45, line 24, increase the amount by $0.

On page 64, line 24, increase the amount by $0.

On page 64, line 25, increase the amount by $0.

On page 65, line 2, increase the amount by $0.

SEC. . SENSE OF THE SENATE.

It is the Sense of the Senate that the assumptions underlying the functional totals in this resolution include that the increased revenues resulting from the revision of the expatriate tax loophole should be used to eliminate the earnings penalty imposed on low and middle income senior citizens receiving social security.

Mr. DOMENICI. This repeals the expatriots tax loophole and uses the money to eliminate the Social Security earnings penalty.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

VOTE ON AMENDMENT NO. 1167 TO AMENDMENT NO. 1166

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced, yeas 97, nays 3, as follows:

[Rollcall Vote No. 202 Leg.]

YEAS—97

Abraham	Conrad	Gregg
Akaka	Coverdell	Harkin
Ashcroft	Craig	Hatch
Baucus	D'Amato	Hatfield
Bennett	Daschle	Heflin
Biden	DeWine	Helms
Bingaman	Dodd	Hollings
Bond	Dole	Hutchison
Boxer	Domenici	Inhofe
Bradley	Dorgan	Inouye
Breaux	Faircloth	Jeffords
Brown	Feingold	Johnston
Bryan	Feinstein	Kassebaum
Bumpers	Ford	Kempthorne
Burns	Frist	Kennedy
Byrd	Glenn	Kerrey
Campbell	Gorton	Kerry
Chafee	Graham	Kohl
Coats	Gramm	Kyl
Cochran	Grams	Lautenberg
Cohen	Grassley	Leahy

Levin	Packwood	Simpson
Lieberman	Pell	Smith
Lott	Pressler	Snowe
Lugar	Pryor	Specter
Mack	Reid	Stevens
McCain	Robb	Thomas
McConnell	Rockefeller	Thompson
Moseley-Braun	Roth	Thurmond
Murkowski	Santorum	Warner
Murray	Sarbanes	Wellstone
Nickles	Shelby	
Nunn	Simon	

NAYS—3

Exon	Mikulski	Moynihan

So, the amendment (No. 1167) was agreed to.

The PRESIDING OFFICER. The question now occurs on amendment No. 1166, as amended.

So the amendment (No. 1166), as amended, was agreed to.

AMENDMENT NO. 1165, AS MODIFIED

Mr. DASCHLE. Mr. President, on behalf of Senator PELL, I send a modification of amendment No. 1165 to the desk and ask unanimous consent that the amendment be so modified, agreed to, and the motion to reconsider be laid on the table.

Mr. DOLE. We have no objection.

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

The amendment (No. 1165), as modified, is as follows:

At the end of title III, insert the following:

SEC. . STUDENT LOAN CUTS.

(a) FINDINGS.—The Senate finds that—

(1) in the 20th century, educational increases in the workforce accounted for 30 percent of the growth in our Nation's wealth, and advances in knowledge accounted for 55 percent of such growth;

(2) the Federal Government provides 75 percent of all college financial aid;

(3) the Federal student loan program was created to make college accessible and affordable for the middle class;

(4) increased fees and interest costs discourage college participation by making higher education more expensive, and more of a risk, for students and their families;

(5) full-time students already work an average of 25 hours per week, taking time away from their studies; and

(6) student indebtedness is already increasing rapidly, and any reduction of the in-school interest subsidy will increase the indebtedness burden on students and families.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the assumptions underlying the functional totals in this resolution assume the Labor and Human Resources Committee, in seeking to achieve mandatory savings, should do their best to not increase the cost of borrowing for students participating in the Robert T. Stafford Federal Student Loan Program.

ALTERNATIVE BUDGET

Mr. ROBB. Mr. President, I rise today as a supporter and original cosponsor of the amendment offered by my distinguished friend from North Dakota, which presents an alternative budget resolution to the committee-passed version before us.

While both plans theoretically achieve balance by the year 2002, I believe our alterative is a better budget in many important ways.

It is a better budget because it maximizes our future investments in our people, restoring partial funding in such critical areas as education, infrastructure, and research and development.

It is a better budget because it eases the unprecedented cuts in our Federal health programs contained in the Republican budget, replacing $100 billion in Medicare and $50 billion in Medicaid.

It is a better budget because it restricts current tax loopholes for citizens who make more than $140,000 a year, bringing greater and urgently needed equity to our current tax structure.

And it is a better budget, Mr. President, because it does not designate the so-called economic dividend to an indefensible tax cut which may ultimately benefit our wealthiest citizens.

I participated in efforts to craft this budget resolution, Mr. President, because I believe strongly that we Democrats cannot simply be against everything on the table. Rather, we have a profound obligation to be for something as well.

While no document crafted by more than one Senator can make any Senator completely happy, I am comfortable that this budget brings much needed equity to our debate. It gives us a plan where revenues are on the table along with spending cuts, where critical investments in our people are preserved whenever possible, where our wealthiest do not benefit at the expense of our neediest, and, where—very importantly—our Federal budget is balanced.

Let me repeat that final point, Mr. President.

We offer today a budget resolution that commits us to more deficit reduction than the Republican alternatives by the year 2002. In fact, the budget we propose reaches true balance without using the surplus in the Social Security trust fund by the year 2004. In this amendment, we call for the elimination of our deficit and we outline the budgets that get us there.

This debate is not about whether or not we should have a balanced budget. This debate is how to balance it.

While I believe the cuts in the Republican budget resolution may be unsustainable when committees try to implement them, the plan we offer today, Mr. President, is fair and defensible. It is about meeting our obligation to our children and our grandchildren in a manner that more responsibly protects the strength and security of their future.

I urge my colleagues to support the very serious alternative resolution we bring before the Senate today, Mr. President, and I yield the floor.

AMENDMENT NO. 1127

Mr. BAUCUS. Mr. President, Senator FEINGOLD's amendment would prohibit us from applying any savings above and beyond a balanced budget to tax cuts. The majority has estimated that those savings would be in the range of $170 billion over the next 7 years.

I believe we should have used the estimated $170 billion in savings to reduce cuts imposed by Senate Concurrent Resolution 13 on Medicare, education, EITC and farm programs. As I noted in the statement I delivered to this body yesterday, those cuts are too severe and will hurt the elderly, young people looking to educate themselves, as well as the ordinary fellow trying to support grandparents and put his kids through college.

Amendments which would have applied the $170 billion in savings to reduce the cuts did not pass.

Today, we consider Senator FEINGOLD's amendment which bars using the $170 billion savings for tax cuts and would instead apply it to create a budget surplus.

Mr. President, I strongly support the need to bring our annual deficit to zero. I voted for the balanced budget amendment and would do so again.

Yet, selective, focused tax cuts would be appropriate. Tax cuts that will specifically benefit the middle class taxpayers who find their expectations of a better future challenged or reduced from day to day and who are struggling to support aging parents and who want their children to have the benefit of a college education. At this early point in time, we should not rule out giving them a break.

For that reason, Mr. President, I oppose the Feingold amendment.

Mr. PELL. Mr. President, as the discussion on the budget resolution has progressed, it appears that there are fundamental and partisan differences on our spending priorities and programs. Some of these differences go to the heart of the Democratic and Republican approaches to governance, and call into question the Federal Government's role in society. Soon we may be dismantling the core components of a decades-old social compact between the American government and people.

Our social safety net—Medicare and Medicaid, education, support and assistance for our Nation's poor—is the priority one issue of our time. It is one of the most important functions of our Government, and it encompasses the matters about which the American people care most deeply. As critical as they are, however, this budget debate is about more than just our domestic spending priorities. The spending cuts in the budget plan are so wholesale and comprehensive that they will drastically curtail the U.S. ability to conduct diplomacy and advance our interests abroad.

I would like to take a moment, Mr. President, to focus on the impact of the proposed spending cuts on foreign affairs—the so-called 150 account. This budget will slash funding for U.S. foreign affairs agencies, personnel and assistance programs; virtually eliminate U.S. financial support for the United Nations; and shackle the ability of the United States to participate in U.N. peacekeeping missions.

Even though it has yet to be adopted, the resolution already has had a debilitating impact on our foreign policy agencies and programs. Last week the Senate Committee on Foreign Relations reported—on a straight party-line vote—foreign relations authorizing legislation that will cut spending for the Department of State and U.S. foreign policy programs by $3.5 billion during the next 4 years. Yesterday the Committee began to mark up foreign aid authorizing legislation, which if reported will have an equally devastating effect on our overseas assistance program.

Together, these bills will abolish three major foreign affairs agencies—ACDA, USIA, and USAID. They will curtail U.S. participation in the United Nations Organization and support for U.N. peacekeeping. They will slash foreign aid spending and virtually eliminate U.S. support for multilateral lending institutions. They will arbitrarily prohibit U.S. participation in multilateral environmental organizations and adversely affect the implementation of critical environmental initiatives. The rush to cut spending is such that the Foreign Relations Committee bills will authorize spending at levels far below even what the budget resolution currently recommends—perhaps as much as $600 million.

On its surface, I acknowledge that for some, this news will not be entirely disappointing. There are those who do not understand the value of spending money on foreign affairs programs, and most opinion polls place foreign aid near the bottom in terms of public support. At the same time, Americans want the United States to remain a prominent world power in the post-cold war era. The people understand this, and the times demand it. Our economic future lies in a global trading system; if we want to protect our national interests we must be active players in the international system.

The problem, however, is that the scope and scale of the budget and spending proposals will force the United States to retreat into isolation. All of these initiatives are negative in tone; they dictate or suggest that we should not engage in certain activities. They do not offer affirmative policy prescriptions. In the post-cold war era, Republicans and Democrats should be working together to fashion a bipartisan strategy for U.S. foreign policy in the 21 century. Instead, we are wasting our time debating neo-isolationist proposals which, if adopted, will result in the United States becoming a feeble, second-rate power. We will be unable to exert influence or work cooperatively with the international community to resolve conflicts, advance our interest, or promote democratic and free market principles.

As written, the budget resolution would set us squarely down the road toward retrenchment and withdrawal. If we choose to go this route, we will do grave disservice to the next generation of Americans. At the end of World War II, we chose not to yield to the temptation of isolationism, and our country prospered as it never had before. I think we should have learned our lesson by now.

Mr. PRESSLER. Mr. President, overall, I am supportive of this budget resolution. I believe it provides a sensible roadmap toward balancing the Federal budget over the next 7 years and I commend my colleagues on the Budget Committee for their efforts.

However, there is one area of the budget resolution with which I disagree: the proposal to sell the Power Marketing Administrations. This sale would have a devastating effect on South Dakota's rural communities and small cities—and on people across the country.

That is why I rise today to join my colleague from Montana in offering a sense-of-the-Senate to strike the Budget Committee's recommendation to sell the Western Area, Southwestern, and Southeastern Power Marketing Administrations—collectively known as the PMA's.

Public power serves many functions in South Dakota. As a sparsely populated State, utilities are faced with the challenge of how to get affordable electricity into small cities and rural communities where there are less than two people per mile of transmission line. Public power provides the solution.

In public power utilities, the only investors are the consumers. Revenues are reinvested in the community—in the form of taxes and services. And, the low cost of power is essential to encourage economic development in small cities and towns.

Public power, purchased through the Western Area Power Administration, known as WAPA, costs South Dakotans an average of 2.5 cents less than the market rate. This allows revenue to be reinvested in additional transmission lines, and better service. The availability of hydropower from the Missouri River to rural cooperatives and municipals has helped to stabilize rates. With 7,758 miles of transmission lines in the Pick-Sloan region, WAPA can serve 133,100 South Dakotans—without charging them an arm and a leg.

Public power has brought more than electricity to South Dakota. For example, Missouri Basin Municipal Power Agency, based in Sioux Falls, has embarked on a program offering incentives for planting trees. The goal is to plant at least one tree for each 112,500 meters in the agency's membership territory. In fact, Missouri Basin was recognized by the Department of Energy for outstanding participation in this Global Climate Change Program. I congratulate Tom Heller of Missouri Basin for this excellent community service program.

Public power also brings new jobs to the communities it serves. In part due to the low cost of power from East River Electric, there are now three injection molding plants based in Madison, SD—creating snowmobile parts. Arctic Cat, PPD, and Falcon Plastics employ approximately 200 people in Madison.

East River also is involved in other economic development activities. It provides classes to help the community attract businesses, and offers grants for feasibility studies associated with economic development projects. South Dakota clearly has benefitted from the work of Jeff Nelson, as the general manager of the East River Electric Power Cooperative.

Public power is a South Dakota success story. It is the source of innovation, development, and community pride. I am sure the same is true in other small cities and rural communities across America. That is why I disagree with the Budget Committee's recommendation to sell WAPA and two other power marketing administrations. This is simply economic smoke and mirrors used to cover up a backdoor tax on rural and small city Americans.

In essence, this would force South Dakotans—and public power consumers everywhere—to cover for the rest of America. Why? Because the sale of the PMA's could result in rate increases totaling more than $47 million.

In addition, many of my colleagues claim that the sale of the PMA's would generate revenue for the Federal Government. Will it? Let us look at the facts.

PMA's still owe almost $15 billion in principal. Also, more than $9 billion in interest already has been paid to the Federal Government. By selling the PMA's, the Government would forfeit future interest payments.

In fact, a recent report prepared by the Congressional Research Service demonstrates just how much money the PMA's are expected to contribute to the Federal Government. This year, WAPA is expected to pay back $225.1 million borrowed from the Federal Government. But WAPA will also return another $153.4 million to the Treasury. Given these figures, it is clear that this plan does not make good economic sense.

As my colleagues know, this is not a new issue. I have been fighting the proposed sale of the PMA's ever since I came to Congress. In 1986, the Reagan administration made similar attempts to privatize the PMA's. I worked with many of you to pass a law to prevent the Department of Energy form pursuing any future plans to sell the PMA's, unless specifically authorized by Congress. As the debate over the sale of the PMA's rises again, it seems this law has been forgotten.

Mr. President, once again, we are fighting to prove the worth of public power. Once again, we must demonstrate how necessary it is to the lives of rural and small city Americans. The people of South Dakota have stated their message loudly and clearly—through thousands of postcards, letters, and phone calls. South Dakotans such as Ron Holstein. Bob Martin, and Jeff Nelson have been leaders in their opposition to the proposed AMA sale and I appreciate their hard work.

Public power is a solid investment for the Nation. Public power is one of the great success stogie of South Dakota. I urge all my colleagues to stand united behind this amendment to allow the continued existence of the public power, and the essential service it provides to the Americans who reside in small cities and rural communities. Now is not the time to mess with success.

Mr. HATCH. Mr. President, I wanted to take a few moments to comment on the effect of the pending budget resolution on the Medicare Program.

I believe history will indicate there is no one in this body who has risen to give a more vigorous defense against unwise Medicare reductions than I.

Medicare is an important program. It provides needed, valuable, and indeed vital, services for millions of elderly and disabled Americans. Thirty-seven and one-half million to be exact.

Our job is to ensure that beneficiaries have the services they need, that the services are of the highest quality possible, and that they are cost-efficient. We need to ensure that services are available in rural as well as urban areas. We need to make sure that we have a system which provides incentives for providers to deliver this high-quality, cost-efficient care.

In sum, on this, the 30th anniversary of Medicare's inception, we must do everything we can to preserve the program, not tear it apart.

What is largely ignored, however, is the fact that absent any congressional action, Medicare will go bankrupt by 2002. In fact, it will run into the red by next year.

My question is that: Is it the budget that threatens Medicare—or the very design of the program?

The answer is clearly the latter, as most experts will concur.

Let us look at the facts.

First, Medicare is going bankrupt. The 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund, issued on April 3, indicate that the present financing schedule for the HI—Hospital Insurance, or part A—program is sufficient to ensure the payment of benefits only over the next 7 years. The situation for physician payments under part B of Medicare, is only slightly more optimistic.

Second, we cannot sustain the current growth rate of Medicare. Over the next 7 years, the period of this budget resolution, Medicare hospital benefits are projected to grow more than twice the rate of revenues.

Mr. President, at this time, it takes about four covered workers to support the benefit payments to each enrollee on Medicare A. That ratio is declining quickly, so that the trustees have estimated by the middle of the next century, only two covered workers will support each enrollee. In fact, absent any legislative changes, that scenario won't come to pass, because Medicare will have been bankrupt long before then.

According to the most recent estimates of Medicare spending—the March baseline issued by the Congressional Budget Office—in 1995, Medicare is expected to spend $181.2 billion—$113.6 billion in outlays for hospital costs, and $67.6 billion for physician and related costs.

Ten years from now, however, total hospital outlays are expected to grow to $247 billion, and physician costs to $215.8 billion.

These numbers are troublesome for two reasons. First of all, they show a level of spending which cannot be sustained. They indicate that spending for the Medicare Program is expected to increase over the next decade to almost half a trillion dollars, to $463.2 billion to be exact—more than double current levels.

And second, they show the dramatic rise in spending for part B. This year, part B costs are roughly half of the amount for part A. In 10 years, they are almost equal.

Third, projected shortfalls in Medicare are astronomical. The Congressional Budget Office has estimated that it will take $345 billion in additional revenues just to keep Medicare solvent over the next decade. This is $345 billion extra.

The budget resolution assumes a $265-billion reduction in the rate of increase over the next 7 years, thus keeping the program solvent for that time period.

Fourth, the budget resolution does not cut Medicare, it cuts its rate of growth. Under this budget resolution, Medicare spending will still exceed $1.65 trillion over the next 7 years. Medicare spending is projected to grow by 94 percent between fiscal years 1995 and 2002 under this budget. Put another way, on average Medicare spending is projected to grow at nearly 10 percent annually, while private health spending will average less than 7 percent. Under the budget resolution, Medicare spending will still grow on average 7.1 percent per year.

Fifth, to do nothing would be fiscally and morally irresponsible. As I have said, absent congressional action, Medicare will go bankrupt, pure and simple. But there is another compelling fact to consider. Total Medicare expenditures this fiscal year will account for 11.5 percent of the entire Federal budget. Clearly this growth rate is unsustainable; it threatens both current and future beneficiaries.

Sixth, there are no easy answers. I wish there were a simple answer to the Medicare conundrum.

Two weeks ago, Stuart M. Butler, vice president and director of domestic policy studies for the Heritage Foundation, wrote a very compelling article entitled, ''The High Cost of Not Reforming Medicare.''

Mr. Butler clearly and concisely outlined the choices available to the Congress. He wrote:

There are only two choices available to the Congress:

Choice #1: Do not change the way in which Medicare is run by the government, and pay for future benefits by raising new revenues through higher payroll and other taxes or by diverting money from other programs. This means Medicare survives only by draining money away from the rest of the budget or by raising taxes.

Choice #2: Change the way Medicare is run so that benefits are delivered more efficiently, avoiding future tax increases or a diversion of money from other programs. Making the program more efficient would improve the quality of benefits and the choices available to retirees while reducing the double-digit rate of outlay increases. This would slow the depletion of the trust fund and stabilize the program.

As an illustration of the impact of choice No. 1, Mr. Butler noted that the Medicare Hospital Insurance Trust Fund could be put on a sound, permanent actuarial footing right now—by raising payroll taxes 3.52 percent on top of the current 2.9-percent rate. The impact, however, would be enormous. A worker earning $45,000 would pay an additional $1,584 a year, obviously an unwise step which would not be acceptable to the Congress.

Clearly, the better course of action is to improve the Medicare program, making it more efficient and cost conscious. This will not be an easy task. Indeed, it will be extremely difficult, perhaps the most difficult task that has faced the Congress in decades. But it must be done.

In closing, Mr. President, I wish to make one final point.

I do not wish to give the impression that I am diminishing the enormity of the task before us.

I am extremely concerned about Medicare reductions of this magnitude.

I could not vote for this budget if I thought that we were taking an action that would lead to the demise of Medicare. Medicare is a promise we made to our Nation's elderly and future elderly.

On the contrary, after considerable study of this issue, I can come to no other conclusion than that taking no action will lead to the demise of Medicare.

I believe it would be both fiscally and morally irresponsible to stand aside and propose no changes in Medicare, knowing all the while that a staunch adherence to the status quo would lead to bankruptcy of the program.

Let me hasten to add that I will be monitoring this situation very, very carefully.

Under the budget resolution, the Committee on Finance will now begin work to outline specific Medicare changes to meet the instructions contained in this bill.

As a member of the Finance Committee, I intend to participate fully in those deliberations, to make certain that the changes we craft are as equitable and responsible as possible.

It is not my intent that the changes we undertake drive providers out of business, force hospital net operating margins into the red, or deprive beneficiaries of needed services, although some changes will certainly have to be made to save Medicare. We must face this situation realistically.

If we find that these proposed changes have an adverse effect that affects patient health, whether in Utah or anywhere else in the Nation, I pledge to work closely with my colleagues to rectify the situation.

Mr. President, I do not mean to downplay the gravity of the situation. Reductions of this magnitude, even though they are reductions in the rate of growth, are difficult for me—and I would venture to say for every Senator—to support. Such reductions will indeed have an impact.

But, in the Senate, as in life, there are times when we have to do the right thing, even if it is also the hard thing. Members of the Senate and House simply must see beyond their next elections. We must force ourselves to look at the long term.

The alternative—bankruptcy of the Medicare system—is unthinkable and must be avoided. If we fail in this task, the health care safety net that Medicare provides for millions of current seniors—not to mention those who are approaching senior status—will be lost.

I appreciate that the Budget Committee's recommendations were adopted with considerable angst. I commend Senator DOMENICI and members of the committee for doing the right thing. We must all focus on solutions to this urgent national fiscal dilemma.

PROTECTING AMERICA'S INFLUENCE ABROAD

Mr. LEAHY. Mr. President, this budget resolution calls for elimination of the budget deficit. I support that goal, but there are many different ways to achieve it. I do not support the formula proposed by the Republicans. It will hurt the poorest people, and reward the wealthiest. There is no better example of the fundamental differences between Republicans and Democrats.

Right now, I would like to focus on what the other side's proposed budget would do to Function 150, the part of the budget that finances programs to advance U.S. foreign policy.

Function 150 is not a large item in the Federal budget. It amounts to only a little more than 1 percent of total Federal expenditures. It is only 8 percent of our budget for national defense.

But it is vitally important to every man, woman, and child in this country. The United States is the world's only remaining superpower. We have an historic opportunity to influence global events, and to make sure that political and economic developments around the world are consistent with American interests.

The momentum is already in the right direction. American investments over the past 40 years have paid off. Not only has the direct threat of Communist aggression disappeared. The end of confrontation between the two superpowers has also caused the world to refocus attention on the evils of dictatorship and abuse of human rights that persist in many places. And the collapse of centrally planned economic systems has discredited state ownership of the economy all around the world. For the first time in history, the trend is almost single-mindedly toward adopting the values that Americans hold dear—democracy, human rights, private property, open markets, competition.

But it is much too early yet to relax our vigilance. The world remains an unpredictable, violent and unstable place. The United States still has a vital interest in leading the way towards peace and democracy and prosperity and away from conflict and instability.

The military threat to America has receded, but it is more true today than ever that American prosperity is linked to conditions in the rest of the world. Millions of Americans jobs depend upon persuading other countries to open their borders to U.S. exports and helping them to raise their incomes so they can afford to buy those exports. Providing Americans clean air and clean water depends upon international action to protect the environment. Keeping Americans healthy depends on cooperative action to fight disease in other countries. Stemming the flow of illegal immigrants and refugees to the United States depends on advancing democracy and economic development in the countries from which the refugees are fleeing.

For all that people complain about the U.S. Government wasting money overseas, Americans overwhelmingly reject isolationism. They want the President of the United States to continue to project American power and influence abroad.

Maintaining a strong military provides underpinning for that exercise of leadership. But who wants us to have to risk shedding American blood? We need the President to conduct an aggressive, preventive foreign policy that will secure America's interests peacefully. This is where Function 150 is absolutely critical.

It is Function 150 that provides the funding for the President to lead:

It pays for the State Department and U.S. Embassies around the globe that maintain communication with foreign governments and pursue cooperation with them. It funds the diplomacy that just a few weeks ago secured the indefinite extension of the Nuclear Non-Proliferation Treaty, with the enormous promise it offers for reducing the threat of nuclear explosions.

It funds U.S. contributions to the various international organizations that are the glue that holds our international economic system together:

The United Nations which notwithstanding its weaknesses—weaknesses that stem primarily from the differences of its members—plays a critical role in focusing international attention on world problems and helping resolve them;

The International Monetary Fund which brings governments together to protect the stability of the international monetary system; and

The World Bank and regional development banks that mobilize capital to help the poorer countries develop economic policies that will produce equitable, sustainable economic growth.

It funds America's bilateral assistance programs. These include programs for helping Rwandans fleeing from genocide; programs for containing the spread of AIDS and other deadly, infectious diseases; programs for assisting Russia to install democratic systems and privatize state-owned enterprises; programs for advancing the Middle East peace process.

It funds the efforts of the Export Import Bank of the United States and other agencies to promote U.S. exports.

The budget resolution envisions a $2.4 billion reduction in Function 150 spending in the 1996 fiscal year, with additional reductions in subsequent years. This may not seem like much in a $1.5 trillion budget, but it amounts to over 12 percent of the current Function 150 budget. Subtracting out accounts that cannot be reduced, it means cuts of over 30 percent in many of the remaining accounts. This is not streamlining, this is decapitation.

Mr. President, quite simply, the cuts in Function 150 that the budget resolution contemplates would undermine the President's ability to protect American interests abroad by non-military means. Let me cite just a few examples:

We would abandon efforts to promote political and economic reform in Russia and the other former centrally planned economies. Given the opportunity to help turn our worst enemy into a friend, the Republicans want us to shrug and turn our backs. I am not thrilled with everything Russia is doing. The destruction of Chechnya embodies the worst of old-style Soviet heavy-handed repression. But there have been many astonishingly positive developments in Russia, Ukraine, and the other central and eastern European countries over the past couple of years too. Enhanced freedom of the press. Privatization of enterprise. Elections. Our aid is aimed at advancing reform. What folly for us not to seek to nurture what is good in the new Europe.

We would virtually terminate efforts through the World Bank to promote economic reform and growth in the poorest countries of sub-Saharan Africa and Asia. This is no trivial matter. If these countries, with their hundreds of millions of people, start to grow, they will offer vast new markets for employment-generating U.S. exports. If, on the other hand, they descend into fratricidal war and economic decay, they will produce ever-more-overwhelming flows of refugees and disease. Representing not just the United States but the entire world community, the World Bank and the other multilateral development banks are the most promising instrument for bringing change to these desperate countries. In the past few years, they have finally begun to record success in producing broad-based growth in some of these countries. For less than $2 billion per year, the United States has the prospect of promoting the development of economies accounting for a third or more of the world's population. This is a sound investment. The Republican budget resolution would cancel that investment.

We would slash spending on bilateral development assistance. This is assistance that is keyed directly to U.S. interests. We promote democracy and sustainable development in countries that are major sources of refugees and migrants. The Agency for International Development has taken decisive steps during the Clinton administration to bring its activities fully into sync with U.S. foreign policy priorities. It is grossly inaccurate to call its programs tax-dollar throw-aways, as some have said.

Programs of special interest to many Senators, like aid to Eastern Europe and the Baltics, Cyprus and Ireland, and military aid to Greece and Turkey, would be eliminated. The Ex-Im Bank, Peace Corps, PL–480 food aid, and educational exchanges would all be slashed.

Of course, the United States cannot do any of this by itself. But no one is asking us to. The United States has already fallen to 21st among foreign aid donors in the percentage of national income that it devotes to development assistance. We aren't even the largest donor in terms of dollar amount anymore. Japan has now left us in the dust. The budget resolution would force us to withdraw from broad areas of development assistance entirely.

When I became chairman of the Foreign Operation Subcommittee in fiscal year 1990, the Foreign Operations budget, which makes up two-thirds of the Function 150 account, was $14.6 billion. During my 6 years as chairman, we cut that budget by 6.5 percent—not even taking into account inflation—while the remainder of the discretionary spending in the Federal budget increased by 4.8 percent. Most of those cuts were in military aid. They were a calculated response to the end of the cold war. But that job is now pretty well done. Foreign aid today is substantially less than it was during the Reagan and Bush administrations.

Mr. President, we must recognize that there is a limit to how far we can cut our budget for international affairs. Our allies are scratching their heads, wondering why the United States, with the opportunity to exercise influence in the world more cheaply than ever before, is turning its back and walking away. We are inviting whoever else wants to—friend or foe—to step into the vacuum and pursue their interests at our expense.

Mr. ROTH. Mr. President, this is an historic moment—today we are closer than ever before to putting America's economic house in order. The last time Congress balanced the budget was 1969—more than a quarter-century ago. Since that time, and despite the will of the American people, Congress has been overdrawing the public checkbook year after year after year.

Today the opportunity has come to put an end to out of control Federal spending—spending that has taken money from the private sector, the very sector that creates jobs and economic opportunity for all Americans, spending that gambles away our children's future—spending that costs us jobs in the workplace and economic security in the home.

For too long, Congress has faced the deficit dilemma like an errant alcoholic or perpetual dieter, with the words: We'll start tomorrow. Well, Mr. President, this is tomorrow, and the budget that Senator DOMENICI and others have crafted is the cure. It is the only cure.

The President's budget proposals for next year offer clear evidence of the lack of political will to make the hard choices when it comes to cutting government spending. At first, his decision was not to fight for further deficit reduction this year. Now, because he sees what the House and Senate have done, he's revisited the issue, offering another watered-down proposal. It's kind of like the little boy who—wanting to bend the rules to benefit himself—holds his breath until he turns blue, then, realizing he can hold it no longer, tries to save face by renegotiating the rules of the game.

This is no time for politics. The American people are crying out for a smaller, more efficient government. They are concerned about the trends that for too long have put the interests of big government before the interests of our families and job-creating private sector. They are irritated by the double standard that exists between how our families are required to balance their checkbooks and how government is allowed to continue spending despite its deficit accounts.

It is clear, Mr. President. The time has come to heed the will of the people. It is our duty, not only to heed their will, but to act in their best interest. And that is what this budget is all about. It makes the hard choices, eliminating some 140 programs. It consolidates duplication and makes Federal programs run more efficiently, more effectively, placing many of the existing programs back in the States where they belong. The Republican budget also allows for a $175 billion reserve fund to finance tax cuts when the budget reaches balance.

The budget holds Congress and the White House up as leaders—as examples in the effort to reduce government spending. Both the legislative and executive are required to reduce spending by 25 percent. This budget protects Social Security and Medicare—vital programs to the well-being of millions of Americans, but programs that would be bankrupt within a few years without the provisions offered in this budget. And, Mr. President, this budget does not cut those programs; spending continues to increase. What this budget does is slow down the rate of increased spending to a level that will allow the programs to survive! It is that simple, and do not let anyone tell you otherwise.

Social Security spending will increase from $334 billion to $482 billion over the next 7 years. Medicare spending will increase at an average of 7.1 percent annually, rising from $178 billion this year to $283 billion by fiscal year 2002. This budget is the only workable answer on the table. President Clinton himself has warned about how these programs are going to be insolvent in the near future. Yet, he has offered no viable alternative.

His most recent effort to counter the House and Senate budgets plan is little more than political twaddle. The Washington Post itself noted that this counter budget which we have yet to see is ironic in that just 3 months ago the President ''sent Congress a budget that increases the federal deficit.'' Mr. President, this is not a game. We are talking about real life, real jobs, real families and communities and the future of our children. Balancing the budget for our Nation is one of the most important steps we can take to ensure the economic opportunities for prosperity for our children and for our children's children.

As a nation—and as individuals—we are morally bound to pass opportunity and security to the next generation. This is what the budget we are proposing today will help us do. As Thomas Paine has written, no government or group of people has the right to shackle succeeding generations with its obligations. Without this budget, children born today will have a tax burden of up to 84 percent of their lifetime earnings; without this budget, each child who owes $18,500 in his share of the national debt will find that obligation increasing to $23,000 in just 5 years. Without this budget, there will be no real and meaningful reduction in the size and overbearing power of the Federal Government.

As chairman of the Senate Governmental Affairs Committee I have outlined a plan to reduce the Federal bureaucracy, eliminate outdated and wasteful government programs, and to strengthen government's ability to better serve the taxpayers.

In January I kicked off a series of hearings on ''Government Reform: Building a Structure for the 21st Century.'' It is my belief that as we move into the 21st century, so should our Government. Innovative technologies should allow us to cut out many layers of management bureaucracy, and reduce Federal employment. Programmatic changes should also occur.

Last month I released a report that asked the GAO to examine the current structure of the Federal Government. The GAO examined all budget and government functions and missions. They did not conduct in-depth analysis, but simply illustrated the complex web and conflicting missions under which agencies are currently operating.

The GAO report confirms that our Federal behemoth must be reformed to meet the needs of all taxpayers for the 21st century. I am convinced that it is through a smaller, smarter government we will be able to serve Americans into the next century.

Deficit spending cannot continue. We can no longer allow waste, inefficiency, and overbearing government to consume the potential of America's future. I am committed to spending restraint as we move to balance the budget by the year 2002. And I ask my colleagues—and all Americans—to support our efforts.

Mr. COATS. Mr. President, I believe that the Senate's debate on the balanced budget amendment was a turning point in this session of Congress—perhaps a turning point in the economic affairs of our country. It was important, not for its disappointing final vote, but for the issues it clarified.

During that debate, opponents of the balanced budget again and again challenged those of us supporting it. If you really want a balanced budget, propose one. One Member of this body put it like this: ''Let Senators get to work to show Americans we have the courage this amendment presumes that we lack.''

This seemed like a good argument to many people—an argument against easy hypocrisy on the budget. Opponents of the balanced budget amendment pressed it as hard and as far as they could.

They threw down a gauntlet before a watching Nation. This week, Republicans have picked it up. And those who made that challenge have fled from the field—proposing nothing constructive of their own. They revealed that their point in the balanced budget debate was not a conviction, but an alibi.

For the first time since the 1960's, thanks to this Republican 7-year budget—offered both in the House and Senate, we can see our way clear to a balanced budget. After 40 years of wandering in the desert of deficit spending, we are finally destined for the promised land of balanced budgets.

There is courage in this budget—courage we have not seen for decades, courage that makes this an historic moment. But, if we are honest, it is courage without alternatives. The status quo may be comfortable, but it is not sustainable. The road we are on may seem wide and easy, but it ends with a cliff, and the fall will be disastrous for our economy, disastrous for our people (including our seniors). Disastrous for our children, and for this Nation's future.

The figures are familiar, but they have lost none of their power to shock. Our national debt currently stands at $4.8 trillion, which translates into $19,000 for every man, woman, and child in America. This figure will jump to $23,000 by 2002. If we ignore our budget crisis, a child born this year will pay $187,150 over their lifetime just in interest on the national debt.

The argument for immediate change—immediate restraint—is simple. It is one of our highest moral traditions for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents. If we continue on our current path, we will violate a trust between generations, and earn the contempt of the future.

There is no doubt that we need cuts in government to balance the budget. But there is one more reason as well. We need cuts in government because government itself is too large—too large in our economy, and too large in our lives. Even if the books were balanced, we would still need a sober reassessment of the Federal Government's role and reach.

This is not a matter of money alone. We require cuts in government because endless, useless, duplicative programs should not be (to use a favorite term of the administration) ''Reinvented''—they should be terminated. Because we reject the vision of a passive Nation, where an arrogant government sets the rules. Because we want to return, not only to an affordable government, but to a limited government. And those limits will help unleash the unlimited potential of our economy and our people.

Votes we make during this debate are likely to be some of the toughest we ever cast. But if we are honest, most of those votes would not be tough calls for most Americans. I have yet to meet a man or woman from my State who believes that reducing the rate of growth in government is anything but a minimal commitment to common sense.

The changes made by this budget are bold, but not radical. They are ambitious, but not dangerous. This is a careful plan to meet a specific need.

Under the Senate resolution, Government spending will rise from its current level of $1.355 trillion to $1.884 trillion in 2002. This is an increase of nearly 40 percent. To put this in perspective, a family currently making $45,000—if its income grew at the rate Government will grow under the Republican plan—would be making $63,000 in 2002. Surely a family could construct a budget to meet this higher level of spending. The Federal Government will be required, under the Republican plan, to do the same.

There are honest disagreements about the merits and priorities of many of these reductions. I expect we will have a hard-fought debate.

On Medicare, it was the President's own commission which concluded: ''The Medicare Program is clearly unsustainable in its present form, we strongly recommend that the crisis presented by the financial condition of the Medicare trust funds be urgently addressed on a comprehensive basis.'' Reforming Medicare and slowing its growth is precisely what the administration itself proposed. ''We feel confident,'' said Hillary Clinton, ''that we can reduce the rate of increase in Medicare without undermining quality for Medicare recipients.'' Ira Magaziner added, ''slowing the rate of growth actually benefits beneficiaries considerably because it slows the rate of growth of the premiums they have to pay.''

Under this budget, Medicare will remain the fastest growing item in the Federal budget, increasing at an annual rate of 7.1 percent. Spending on Medicare alone will grow from $178 billion this year to $283 billion in 2002—an increase of 59 percent.

As promised, Social Security will remain untouched. Spending will actually increase from the current annual total of $334 billion to $480 billion in 2002. One of our central goals has been to protect the integrity of the Social Security system. Social Security benefits will be preserved.

I firmly support this budget—but I have two concerns, which will eventually come to the center of our debate.

Our Government has a budget deficit which cannot be sustained. But there is another deficit that concerns Americans as well—a deficit in the resources of families to care for their own. A deficit we have created by increased taxation over the years, an erosion in the personal exemption. Many families are in a permanent recession, directly caused by Government policies.

We must understand, first, that a balanced budget and family-oriented, growth-oriented tax relief are not mutually exclusive proposals. They are part of the same movement in America—a movement to limit our Government and empower our people. One idea implies and requires the other—when we reduce public spending, we should increase the resources of families to meet their own needs. That is a good investment, a sound investment. A dollar spent by families is far more useful than a dollar spent by Government.

America can have a balanced budget and tax relief for families. No choice is necessary between them. One proposal in particular makes this clear. An amendment that will be offered by Senator GRAMM slows the growth of spending to 3 percent rather than the 3.3 percent currently outlined in the resolution—allowing additional funds for tax cuts. Giving the American people back just 1.5 percent of total budget spending is not too much to ask.

Senator GRAMM's amendment embodies the provisions of the families first legislation that I introduced earlier this year with Senator ROD GRAMS. It proves that deficit reduction and tax relief can go hand-in-hand. We have met the challenge of those who said it could not be done. Adding this provision to the budget resolution will prove to families all across the Nation that their concerns are a central element of budget reform.

It is time to admit that when families fail, so does our society. Their financial crisis is as urgent and as important as any other priority in this debate. The Gramm amendment is a way for the Senate to prove it.

Much of the opposition to tax relief seems to be based on a myth—a myth that tax cuts somehow cost the Government money. But Government produces nothing, and has no resources of its own to spend. Tax cuts are not a waste of Government funds. They are simply a method to allow Americans to keep their own money and care for themselves. They are a method to build working independence as an alternative to destructive government paternalism.

My second concern relates to our level of defense spending. The Clinton budget is clearly inadequate to retain our long-term readiness and the quality of life of our troops. On this issue we are talking about the primary purpose of government—to defend our national interests without placing our soldiers at needless risk. We have seen disturbing evidence in the Armed Services Committee that the Clinton level of funding will leave our forces without all the tools, training and conditions to fulfill the roles we will ask of them.

Many of us are struggling to recoup at least some of this shortfall. Senator THURMOND will be proposing an amendment to restore a portion of this funding. I hope the Senate will support it.

Mr. President, we have come to the beginning of the end of deficit spending in America. We have come to this place because there is no alternative. Two decades of promises, two decades of rhetoric, budget proposals, budget deals, tax increases, unfulfilled promises on spending cuts, all these have failed. This is the best argument for a balanced budget amendment—defeated, for the moment, by just one vote. So we turn to this effort—the only effort—the only game in town.

The President has abdicated his leadership on this most critical of all issues facing our Nation. Likewise, Democrats have offered no alternative of their own.

So we have come to a time that is unique and historic—an authentic moment of decision. It is a moment to act worthy of our words and keep faith with the future.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Mr. SARBANES. Mr. President, I rise in opposition to the Budget Committee's proposals with respect to the Community Block Grant [CDBG] program. The Budget Committee's report that accompanies the budget resolution recommends a 50 percent cut in the CDBG Program and calls for targeting CDBG funds to the most needy areas. I strongly oppose those. CDBG funds are a critical component of this Nation's efforts to revitalize its low- and moderate-income communities. CDBG is already well-targeted to distressed communities, and, more importantly, CDBG is well-targeted to low-income neighborhoods within those communities that receive the block grants.

CDBG has been a major element of our Nation's housing and community development strategy for over 20 years. CDBG was signed into law in 1974 by then President Gerald Ford. It is surprising to me that the Republican budget-cutters have targeted this program for inordinate cuts, because CDBG is an excellent example of the policy approaches that my colleagues on the other side of the aisle espouse. CDBG is a block grant. The program distributes its funds on a formula basis to State and local governments, and provides jurisdictions with flexibility on the use of the funds within broad national objectives. CDBG embodies the principle of developing responsibility and decision-making to local governments. It allows local governments to tailor specific solutions to meet their specific community development needs.

The need for these resources is vast. Too many of our Nation's communities still suffer. Vacant housing, closed plants, and empty shops are the visible manifestations of neighborhoods with persistent unemployment, broken families, and high crime rates. We know that revitalizing distressed communities requires a multi-faceted approach: successful strategies are using community-based organizations to deliver programs that simultaneously attack the physical blight while addressing the social service needs of the residents. With its built-in flexibility, CDBG allows local governments to implement comprehensive strategies that may, for example, combine the rehabilitation of the commercial strip, with the small business start-up loans, with the job training for local residents and the child care.

The Budget Committee's notion of targeting CDBG should also be considered carefully. CDBG is already well-targeted. The formula for the program does a good job of distributing CDBG funds by need: 50 percent of the program funds go to the 20 percent most distressed cities based on a distress ranking created by HUD. Only 5 percent of the funds go to the least distressed cities. Moreover, program data shows that 90 percent of the CDBG funds go to benefit low- and moderate-income households consistent with the national purpose of the program.

In the past, proponents of targeting have proposed three types of approaches. Some have proposed to cut off formula grant funds to smaller communities, forcing these communities to compete for funds through the state-administered program. Others have proposed to eliminate grants to wealthier communities. And, still others would tighten the criteria HUD uses to measure program benefits.

CDBG currently provides a direct formula grant to more than 900 urban counties, communities with populations above 50,000 people, and consortia of smaller communities. Allowing these communities to receive annual, reliable formula grants is extremely important from the perspective of the local jurisdiction's need to plan for the use of the funds and to pursue long-term strategies.

In some wealthier jurisdictions, CDBG rules often provide the impetus for community development activities in low-income neighborhoods that would not otherwise occur—especially if the communities were entirely responsible for serving their poorer neighborhoods out of own-source revenues. CDBG's fundamental national objective of serving low- and moderate-income neighborhoods argues for a continued distribution of CDBG funds to all jurisdictions with these needs.

Finally, it would be ironic if, by calling for targeting, the Budget Committee were proposing to tighten the criteria that govern how communities use the funds. Tighter targeting criteria would take away local discretion and flexibility, and, therefore, run counter to the philosophy of those who promote block grants. Moreover, forcing grantees to spend more of their funds to benefit poorer neighborhoods is not a rationale for a 50-percent cut in program funds. Indeed, the resource needs of our poorest communities are so vast, that if the program objective was based on only strict targeting to very poor neighborhoods, this would make the case for increased funding.

I would argue that given the limited resources, preserving the current program targeting is desirable. States, counties, and cities may find that an optimal economic development strategy would be to use small amounts of CDBG assistance to leverage private investment in areas with other existing features attractive to investors. Grantees who have been losing population, may want to focus community development activities on stabilizing mixed income neighborhoods or in pursuing strategies to lure moderate-income households into low-income neighborhoods. These are local decisions and appropriate community development strategies.

I oppose the Republicans proposed cut of 50 percent in CDBG Program funds because CDBG is making a difference in thousands of American communities. A recent evaluation of the CDBG Program by the Urban Institute concludes that ''. . . the program has made an important contribution to city community development, including demonstrated successes in achieving local neighborhood stabilization and revitalization objectives. It's fair to say that in almost every city, neighborhoods would have been worse off had the program never existed, and certainly, cities would not have embarked on the housing and redevelopment programs that now comprise a core function of municipal government. Further, CDBG-funded programs clearly benefit those for whom the program was intended—low- and moderate-income persons and neighborhoods—and does so by a substantially greater degree than the minimum required under law.''

Mr. President, CDBG has a proven track record. Our Nation's communities continue to need our support.

OPPOSITION TO TRANSIT CUTS

Mr. SARBANES. Mr. President, I want to express my strong opposition to the Budget Committee's proposal to eliminate Federal mass transit operating subsidies.

The report that accompanies the Senate Budget Resolution calls for eliminating mass transit operating subsidies. Simply stated, these cuts will have significant consequences for our Nation's communities by leading to increased fares, reductions in services, and losses in ridership. As a result, working people will find it more difficult and costly to get to their jobs, roadways will become more congested, and environmental quality will decline.

Public transportation is a critical element of our economy. In 1990, 8.8 billion American took transit trips; 7.5 million people ride public transportation every weekday. Of these trips 54.4 percent are trips to work. An additional 20 percent of the trips taken by transit riders are to get to school or to access medical services. Trips to work are especially important uses of transit systems in large urban areas; use of bus service by elderly households to get medical attention is the largest component of rides in smaller communities and rural areas.

A high proportion of transit riders are low-income persons or minorities, 27.5 percent of the transit ridership has incomes below $15,000 compared to 16.9 percent in the general population. African-American and Hispanic riders as a percentage of total ridership are more than two times the percentage of African-American and Hispanic individuals in the general population. However, the importance of transit for working people is underscored by statistics showing that 55 percent of the riders have incomes between $15,000 and $50,000.

For most transit systems, operating revenues are a combination of fares and federal and state money. Assuming no increases in state contributions, fares would, on average, have to increase 50 percent to make up for the loss of revenue. Cuts in operating subsidies will also have disparate impacts on smaller communities. Federal operating subsidies make up 21 percent of total operating revenues for transit systems in communities below 200,000 people compared to 13 percent on average for all transit systems. Fares would nearly have to double for these smaller systems. This assumes no cutbacks in services and no loss in ridership as a result of the fare increases.

Many individuals faced either with increased fares or decreased service will either have to give up their employment or use their cars to get to work. According to an article by Neal R. Pierce in the National Journal on April 15 of this year, one study already puts the cost of traffic congestion at $100 billion a year in lost productivity. Fewer transit riders and more drivers will exacerbate this problem. More cars on the road and increased congestion will worsen air quality in metropolitan areas where environmental quality is already strained.

I realize, Mr. President, that the Budget Resolution itself does not cut transit operating subsidies. Decisions with respect to the appropriate level of funding for operating subsidies are left up to the Appropriations Committee. However, I felt it was important to raise a voice in opposition to the recommendation in the Budget Committee's report at this time and to urge my colleagues to begin to focus on the many cost to our citizens that would occur if the Budget Committee's proposed cuts in transit operating subsidies were carried out.

SECOND SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT, 1995—CONFERENCE REPORT

Mr. DOLE. Mr. President, I submit a report of the committee of conference on H.R. 1158 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1158) making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of May 16, 1995.)

The PRESIDING OFFICER. Who yields time?

The Senator from Oregon.

Mr. HATFIELD. Mr. President, I yield myself whatever time I require.

Mr. President, the conference report before us reflects the agreement of the two Houses on H.R. 1158, a bill making emergency supplemental appropriations for the additional disaster assistance and making rescissions for fiscal year 1995, and for other purposes.

This conference report is a culmination of several weeks of effort on a number of different fronts. It represents a balance between our responsibility to provide additional funding when necessary to address urgent national needs, on the one hand, and our responsibility to reduce funding for lower priority programs whenever and wherever we can, on the other hand. The Senate's conferees on this measure present it to the Senate with a belief that it merits approval of this body, and I urge its adoption.

The bill provides a total of $7,249,503,600 in additional appropriations, of which $6,700,000,000, equally divided between fiscal years 1995 and 1996, is for FEMA for the disaster relief programs. We have fully funded the President's request in this regard, and we concur with his designation of this funding as an emergency requirement.

We also agree with the President's request for additional emergency appropriations in response to the Oklahoma City tragedy and have provided $183,798,000 for that purpose.

Finally, we are recommending $365,705,600 in nonemergency supplementals for fiscal year 1995. That latter figure includes $275 million in debt relief for Jordan as requested by the President and endorsed by the joint leadership of the Senate.

In addition, the conferees reached agreement on rescissions of budget authority and other funding limitations totaling $16,413,932,975, and those reductions have been the focus of the debate throughout the consideration of the bill.

Mr. President, I ask unanimous consent that a table summarizing the supplementals and rescissions recommended in the bill be printed in the RECORD.

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

H.R. 1158, SECOND SUPPLEMENTAL AND RESCISSION BILL CONFERENCE AGREEMENT

	President's request	House allowance	Senate allowance	Conference	Conference vs.— President's request	Conference vs.— House allowance	Conference vs.— Senate allowance
TITLE I—SUPPLEMENTALS AND RESCISSIONS							
Emergency supplementals:							
FEMA disaster relief, 1995	6,700,000,000	5,360,000,000	1,900,000,000	3,350,000,000	−3,350,000,000	−2,010,000,000	1,450,000,000
FEMA disaster relief, 1996 advance	....	....	4,800,000,000	3,350,000,000	3,350,000,000	3,350,000,000	−1,450,000,000
Other emergency supplementals	718,297,000	28,297,000	....	....	−718,297,000	−28,297,000	....
Subtotal, emergency supplements	7,418,297,000	5,388,297,000	6,700,000,000	6,700,000,000	−718,297,000	1,311,703,000	....
Other supplementals	434,672,000	85,471,600	306,915,600	365,705,600	−68,966,400	280,234,000	58,790,000
Subtotal, supplementals	7,852,969,000	5,473,768,600	7,006,915,600	7,065,705,600	−787,263,400	1,591,937,000	58,790,000
Rescissions	−1,536,623,805	−17,187,861,839	−15,144,481,050	−16,247,831,476	−14,711,207,671	940,030,363	−1,103,350,426
Reductions in limitations on obligations	....	−201,791,000	−279,166,000	−166,101,500	−166,101,500	35,689,500	113,064,500