The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I want to thank the distinguished Senator from Louisiana for his thoughts on this. What we are doing now is seeking out and we are going to discuss this with the principal proponent of section 28. It is possible that we can do what the Senator from Louisiana suggests.

The Senator from Louisiana has some proposals that, in effect, deal with regulatory reform in section 5, as I understand it. My question is, would he be prepared to drop those provisions?

As I understand, he has another amendment that deals with section 5. What I would like to do is, frankly, get all references to regulatory reform out of this bill. We could discuss it now, or we could meet and have a quorum call. I know the Senator from Texas has comments on another subject. But I would like to discuss with the Senator from Louisiana what I previously suggested, namely dropping the section 5 proposals he has suggested.

Mr. JOHNSTON. Mr. President, the section 5 is a slightly different subject matter. I would certainly be very interested in talking to the Senator about that. I do believe section 28 ought to be dropped in its entirety. The problem is, if we do not drop it in its entirety, that will engender amendments to put in the reg reform S. 343 provisions, and that is going to engender a huge debate. It seems to me that that debate ought to be put off until another day and not be engrafted upon the Safe Drinking Water Act.

The risk assessment on section 5 does have to do with safe drinking water because it determines how you do risk assessment with respect to drinking water. Section 28 really does not deal with safe drinking water at all. That is why I think section 28 ought to be dealt with separately. We would be prepared to discuss section 5 at any time the Senator wishes to.

Mr. CHAFEE. Mr. President, what I suggest is that we have those discussions now. I know the Senator from Texas is ready to go. There is a gap here, and I do not know how long the Senator would like.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, whenever I can serve the good of the Senate by speaking on another subject so that the discussion can occur, I leap to the opportunity.

Mr. CHAFEE. I was going to suggest 20, 30 minutes.

Mr. GRAMM. I do not know that I will go that long, but I will suggest the absence of a quorum when I finish.

Mr. CHAFEE. That will be fine.

Mr. BAUCUS. Will the Senator yield for a unanimous-consent request?

Mr. GRAMM. Yes.

PRIVILEGE OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that Carl Mazza, a fellow with Senator MOYNIHAN's office, be permitted to have floor privileges during consideration of this bill.

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

THE BUDGET NEGOTIATIONS

Mr. GRAMM. Mr. President, as we all know—in fact, as the whole country knows—intensive negotiations on the budget are underway in this very building, and working Americans have a big stake in the outcome of those negotiations.

While we do not know the final makeup of the compromise that would emerge from these negotiations, what I have heard is already alarming. I want to talk about the things that we are reading about in the paper, the apparent movement in the negotiations. I think it is important that if someone feels very strongly about a subject—and I feel very strongly about this subject—that we not surprise them by waiting until the last minute, when negotiations are finished and a final product has been produced, to suddenly spring it on people that are not going to support it.

So what I would like to do this afternoon is to talk very briefly about the emerging budget deal and then talk about four simple principles that I intend to establish in terms of my own vote. Obviously, I speak only on behalf of myself but I believe that, based upon the 1994 elections, the vast majority of Americans agree with the principles I will outline today. In fact, I think there is no doubt about the fact that the vast majority of Americans agree with the principles that I will set forth, and which will guide my vote on any final budget agreement.

I think the general parameters of a negotiation are pretty clear in terms of what we hear from the White House, from Mr. Panetta, and what we are beginning to hear from our own leadership. If you go back to the last continuing resolution, there was a little line in that resolution that, for the first time, opened the door to the possibility that we would change the parameters, the assumptions in our budget.

Let me explain why that is so important. It sounds kind of trivial to many people, what we assume about the health of the economy, interest rates, unemployment rates, and the number of people who qualify for Government programs. But let me explain how important those assumptions are. If you take the assumptions that the independent and nonpartisan Congressional Budget Office has established, which guide our budget, and you compare them to the assumptions contained in President Clinton's budgets, his assumptions about lower unemployment, higher growth, lower interest rates, and less spending from existing programs ultimately allows him to spend $1 trillion more, over the next 10 years, than our budget allows us to spend.

Now, I have one constituent who can comprehend what $1 billion is—Ross Perot, but I do not have any constituents that I know of, who knows what $1 trillion is, so let me try to define it. The trillion dollars that President Clinton wants to spend over the next 10 years would be equivalent to giving him the ability to write $15,000 worth of checks on the checking account of every American family, over that 10-year period. That is how much $1 trillion is.

I think it is clear that one path the negotiations could take, a path that I am very concerned about, would be to change our assumptions. This would be like a family assuming—when they sit down around the kitchen table at the end of the month, when they get out a pencil and a piece of paper and try to figure out how they are going to pay the rent or mortgage and how they are going to buy a new refrigerator before the old one goes, or how they are going to try to send the first child in the history of their family to college, when they are making tough, real-world decisions, when that we are not just making ends meet, but struggling for the American dream—assuming that there will be more money to spend than will actually be available.

I want to be very sure, Mr. President, that we do not make, in writing our new budget, an assumption that would be equivalent to a family saying, well, ''What if we won the lottery?'' or, ''What if we got a big promotion next year?'' or, ''What if some distant relative we do not know left us some money?'' We know American families do not do budgets that way because they have to live with the consequences of these decisions.

I am very concerned that we are on a path toward changing the underlying assumptions in the budget in such a way as to let President Clinton spend an additional $100 to $150 billion more each year over the next 7 years than we have set out in our budget. I am very concerned that, if we do this, we are giving up the first real opportunity we have had in 25 years to balance the Federal budget.

I want to let my colleagues know—and I know every person is trying to come up with the best solution to the impasse we have—but I want my colleagues to know that under no circumstances am I going to support any budget that allows President Clinton to spend money we do not have on programs we cannot afford.

If there was one promise that we made clear last year in the elections, it was that if the American people gave us a Republican majority in both Houses of Congress, we were going to balance the budget. I will have no part in backing away from that commitment.

The first principle I want to set out is a very simple one: I will not support a budget that spends one dime more than the dollar figures we set out in our balanced budget. We have written a budget and it was consistent with putting the Federal deficit in balance over

a 7-year period. Families and businesses have to do it every year. It is not cruel and unusual punishment to make the Government do it over a 7-year period. But we have written a budget that establishes the maximum amount we can spend each year for the next 7 years and still balance the budget. That amount, by the way, is $12 trillion. This is a 27-percent increase over what we spent in the last 7 years.

It seems to me that this is enough, especially when you stop and think about the fact that last Sunday, Americans sat down with the Sunday newspaper and with their scissors and cut 120 million coupons out of their Sunday newspapers, and then carried those coupons to the grocery store and went to all the hassles to turn in the coupons as they were paying their grocery bill just to save a few nickels, dimes, and quarters.

Have we lost our ability to be outraged about the fact that the Government does not make those sorts of decisions when we are now taking $1 out of every $4 earned by every family of four in America? In 1950 we were taking only $1 out of every $50.

I think, if we back away from our commitment to balance the Federal budget, we are betraying everything we promised in 1994, and I refuse to be a part of that.

The first principle is that I will not support a budget that spends one dime more than the dollar figures we set out in our budget. Especially since this is the maximum amount we can spend while still balancing the Federal budget.

The second principle is that I am not going to vote for a budget which provides tax cuts that are smaller than the tax cuts set out in the Balanced Budget Act. I want to remind my colleagues that we are talking about letting working families keep an amount that equals roughly 2 percent of the total amount of Federal spending.

We promised in the election a $500 tax credit per child. That means beginning in January every family in America with two children would get to keep $1,000 more of what they earn to invest in their own children, their own family, their own future.

We have a fairly tight lid on it. The money is only going to working moderate, middle, and upper middle-income families. I know many of our Democratic colleagues are outraged that, if you do not pay taxes, you do not get a tax cut. I am not outraged about this. I think it is time to start operating Government in a way that tries to help those people who pull the wagon instead of solely being focused on the people who are riding in the wagon and, quite frankly, are being kept in the wagon by programs that deny them the ability to get out and become part of the American experience.

So I am not going to negotiate away a very modest tax cut which we committed to, which we set out in terms of absolute dollars at $245 billion over a 7-year period, roughly 2 percent of the level of spending of the Government, 70 percent of which goes to families, that begins to allow people to save more of what they earn, to invest more in their own children, and that has some modest incentives for economic growth.

Now, what is negotiable? First of all, I think we should be ready to sit down with the President anywhere, at any time, and under any circumstance, to negotiate how we spend the $12 trillion that is consistent with balancing the Federal budget. I think we ought to be totally willing to sit down with President Clinton and negotiate on each of those 7 years, how that $12 trillion is spent while still balancing the Federal budget.

I want to draw a clear line of distinction between negotiating about how to spend the amount of money that is consistent with balancing the budget and negotiating about how we might change the budget itself to allow more spending that we can not afford and that clearly would deny us the ability, for the first time in a quarter of a century, to balance the Federal budget.

I also believe we should be willing to sit down and hear the President out as to what the makeup of the tax cut should be. I do not believe we should compromise further on the size of the tax cut. I offered the original amendment in the Senate which would have cut Government spending further than our budget in order to adopt the Contract With America tax cut as it was adopted in the House. That amendment was rejected. We have already compromised in coming down from the original Contract With America.

As my dear friend, DICK ARMEY, said about compromising on the tax cut, he ''already gave at the Senate.'' and I agree with this sentiment.

It is clear that there is a movement in the negotiations toward going back and assuming that things will be better in the future than we believed they would be 3 weeks ago, because in some sense many Members of Congress and the White House believe if they could just assume away part of the deficit problem, that they could jointly achieve their objectives, that we could claim we have balanced the budget, that the President could spend more money, and that perhaps happiness might be found on both ends of Pennsylvania Avenue.

Mr. President, I am not going to support that effort. I think that would be a tragic mistake. How can we conclude that the economy is going to be brighter in the future, if at the same time we prevent economic growth by giving smaller tax cuts, by having the Government spend more money, and by having larger deficits?

We would be assuming a rosy scenario and doing things that deny the ability of that scenario to ever come true. I am not going to support that effort.

Let me set down this fourth principle. Any changes that we make in what are called economic assumptions or technical assumptions—what we think interest rates will be 6 years from now, how fast we think money is going to be spent out of a program—that every penny resulting from those changes and assumptions ought to go to deficit reduction. By applying it to deficit reduction we can guarantee that it will be there if, in fact, things do not turn out to be as rosy as we would like them to be.

We would be doing what prudent families do. That is, budget on the assumption that you are not going to win the lottery, budget on the assumption that you are not going to get the big promotion. And if you do get the promotion, if Aunt Sally does give you money, then you are in a very sound position to decide what to do with it. I believe if we conclude, as we say in the language art that is contained in the continuing resolution, if the Congressional Budget Office, in consultation with the White House and outside groups, concludes that there may be a brighter future than we thought 3 weeks ago when we debated this issue, then every dollar of savings ought to go to balance the budget in this century.

Only in Washington do we have a debate about whether to balance the budget in 7 years or 10 years or even whether to do it at all. I have never, ever, in any of the States that I have traveled in the last few years heard, nor, has anybody come up to me and said ''Senator GRAMM, I think balancing the budget is a great idea. Why not do it later than you plan?'' I have never had anybody say that to me. But almost every day—and as many of my colleagues know, I am meeting a lot of people all over the country—almost every day somebody comes up and says, ''Why are you waiting 7 years? Why don't we do it sooner? Why don't we do it now?''

So, I think it is prudent policy that, if we conclude that the economy is going to have a brighter future—basically because we conclude it is going to have a brighter future based on wishful thinking—then let us apply every dollar of savings that comes from these assumptions to deficit reduction. And if, in fact, it the economy does turn out to have a brighter future, the maybe we will balance the budget within this century. But if it does not, if the original assumptions, the original conservative assumptions, were right, then we will balance the budget in 7 years as we promised.

I hear, every day, our colleagues talking about expanding the ability of the President to spend. A member of the leadership recently, while on television, suggested that maybe we could bring the tax cut down from $240 to $195 billion. I disagree. I think this is the time to stand on principle. We had an election. We have a mandate. It is not as if the American people were deceived. They knew what we promised to do. We wrote a contract. I know

many Members of the Senate say they did not sign the contract, but America signed the contract when they elected us and gave us a majority in both Houses of Congress.

I think these four principles I have outlined embody a reasonable and a flexible approach to living up to what we promised we would do and yet being willing to work with the President in saying: These are our priorities as to how we spend the $12 trillion that can be spent over the next 7 years while still balancing the Federal budget. What are yours? Government must learn to live within the constraint that, quite frankly, families face every month when they sit down around the kitchen table and get out that pencil and piece of paper. Families do not have the luxury of saying, ''Let us assume that something great is going to happen, let us spend additional money.'' They have to negotiate how they are going to spend the income they have available. We should be willing to negotiate with President Clinton on that basis. We should hear the President out in terms of his priorities, but we have a priority that was given as a mandate by the voters in 1994. That mandate and that priority is balance the Federal budget under reasonable and realistic assumptions.

Anybody can balance the budget if you let them make up the assumptions. Any family can live within its budget if they can make up their income. That is not the trick. The real challenge, however, that is faced every night by millions of families sitting around their kitchen tables—which, quite frankly, we do not face here in Washington, and have not faced for 25 years—is how do you do it based on the amount of money you are realistically going to be able to spend? Every day in America, families are making these tough decisions, and they are having to say no to the things they want. They are having to say no because we never say no. They are having to say no to their children because we will not say no to spending more and more money of their money.

I think the time has come for us to say no. I want to say no so families and businesses can say yes again. I want less Government, and more freedom. I want less Government, stronger families, more opportunity, and more freedom. I think the way we get there is to stand up for some very simple principles. We are committed to balancing the budget under realistic assumptions. We have set out what we can spend and still achieve our objective. We will spend no more.

We promised the working people of this country a very small, very modest, very targeted amount of tax relief. It in no way gets working Americans back to where they were 20 years ago, but it is a step in the right direction. It is something we promised and I am not going to back off from it. We can negotiate over how to spend the money, but not how much to spend. And, finally, if in fact we conclude that the assumptions of the budget should be updated, that we should assume a more optimistic future—and I think we can make one by balancing the budget—but if we makes these assumptions, then every penny of savings that comes from those new rosy assumptions should go to deficit reduction. None of it should be spent.

These are the principles I intend to fight for. They are principles I think embody what I fought for in the 1994 election when we elected a Republican majority. They were embodied in the Contract With America. And I think, quite frankly, if we want people to believe politicians mean anything when they say it, then there is one way to achieve this and that is to actually do what you said you would do. I believe that if we stick to these principles we would finally be living up to the commitments that we made. I, for one, intend to do it.

I wanted to go on record today as to what my position is, because I do not want anyone to feel that, while they were away negotiating with President Clinton, somehow it was not clear where I stood. And when this final deal is reached, I do not want anyone to be surprised, if it violates one of these very, simple and, I think, eminently reasonable, principles, if I do not vote for the deal—because I cannot vote for a budget that does not live up to the deal we made first with the American people in 1994.

I yield the floor.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Wyoming.

Mr. THOMAS. Mr. President, I ask unanimous consent to proceed as in morning business.

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

THE BALANCED BUDGET

Mr. THOMAS. First, let me congratulate the Senator from Texas on his very strong endorsement of the balanced budget amendment, the thing that has really been, what will be, the capstone of what we have done all year here, that will really make fundamental changes in the direction the Government takes. I admire his strength standing for it.

Mr. President, I send a bill to the desk and ask it be referred appropriately.

The PRESIDING OFFICER. The bill will be received and referred to the appropriate committee.

Mr. THOMAS. I thank the Chair.

(The remarks of Mr. THOMAS pertaining to the introduction of S. 1434 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

SAFE DRINKING WATER ACT AMENDMENTS

The Senate continued with the consideration of the bill.

Mr. KEMPTHORNE. Mr. President, in returning to the Safe Drinking Water Act Amendments of 1995, I would like to address a few points.

There has been quite a bit of discussion about the idea of these unfunded Federal mandates that we have had for years. And in fact the Congressional Budget Office pointed out that probably one of the most burdensome, onerous Federal regulations that has been imposed upon local and State government has been the Safe Drinking Water Act Amendments of 1986. The unfunded mandates format for 1995 that was passed earlier this year and signed into law this year by the President's signature does not go into effect until January 1, 1996 and, therefore, this legislation before us today, Senate bill 1316, does not come in under the requirements of the Unfunded Mandate Reform Act of 1995.

As the sponsor of that act which was signed into law, I was determined and absolutely dedicated that we are going to stop unfunded Federal mandates around here and, therefore, as this bill has been developed over 9 months I continually stayed in touch with the Congressional Budget Office. And in fact, I then submitted Senate bill 1316 to the Congressional Budget Office and asked them to please go through this legislation as though the unfunded mandates format were currently law, used all the same criteria, and the tough examination of this legislation. They have done so.

Mr. President, I ask unanimous consent that the letter from the Congressional Budget Office be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 7, 1995.

Hon. JOHN H. CHAFEE,
Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1316, the Safe Drinking Water Act Amendments of 1995.

Enacting S. 1316 would affect both direct spending and receipts; therefore, pay-as-you-go procedures would apply.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1316.

2. Bill title: Safe Drinking Water Act Amendments of 1995.