

nondefense, was \$445 billion. Then you begin to see the dilemma if we do not vote for the changes in our mandatory programs that will enable us to have the Federal Government do those things that I believe the American people want us to do.

I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Washington is recognized.

ENTITLEMENT SPENDING

Mr. GORTON. Mr. President, 4 years ago at this time, the distinguished Senator from Nebraska was a candidate for the Democratic nomination for President of the United States. That was an unsuccessful quest. But I will reflect on the fact that had that been a successful quest, we would not be faced with the challenge or the deadlock with which the Congress is faced today.

The Senator from Nebraska, very clearly, goes much further in his recommendations for dealing with entitlements than does the Republican budget, which will be vetoed by the President because it does much too much for this President with respect to entitlement spending. Each of the suggestions that he has made, each of the suggestions that his bipartisan organization has made have a great deal of merit. Each of them ought to be seriously debated here in the Congress of the United States and, for that matter, in the White House. Very bluntly, however, they are not because the person who is President of the United States essentially sets the agenda, or at least the parameters of the debate over matters of this nature.

So, at this point, we are faced with the proposition that, at best, we can do some of the things, take some of the steps toward a reform of our entitlement programs and the preservation of Medicare, advocated by the Senator from Nebraska and those who worked with him. But that is not the nature of the debate today.

In spite of the fact that the Senator from Nebraska speaks as a Democrat, speaks from the other side of the aisle, we are faced today with the proposition that this body, this Congress, without a single Democratic vote here in the Senate, and with only the tiniest handful in the House of Representatives, has, in fact, passed a balanced budget in the year 2002, and has in fact, for the first time that this Congress really has ever done so, proposed profound reforms in entitlement programs, both for their own preservation and in order to preserve some ability on the part of the Congress to fund these discretionary programs.

We are faced with the position of at least the vast majority of the other party, and certainly the President, that they will not propose any alternative which will reach the same goal. We struggled through bitter debates on this floor and much difficulty to pass a

modest 3-week continuing resolution just a short time ago, just before Thanksgiving, the heart of which, as far as we were concerned, was the proposition—which the President signed—that we would come up with a balanced budget in the year 2002, using statistics provided by the Congressional Budget Office. Now, halfway from the date of that passage until December 15, we have no such proposal from the President, or, I may say, from the leaders of the party of which the Senator from Nebraska is a Member—none whatsoever. We have critiques of various elements of our proposal, including the critique of our tax reductions from the Senator from Nebraska. Well and good. Such criticisms are certainly appropriate within the frame of reference for reaching a balanced budget by 2002.

It would be wonderful to debate whether or not we ought to go further and to pass a set of reforms that would last longer and be more decisive. But the Senator from Nebraska knows that no such debate of any seriousness will go on during this administration.

So the real parameters are, is there a different way of reaching the goal set out in a law passed by this Congress just 10 days ago and signed by this President just 10 days ago? Do they want to make some kind of adjustments with various spending programs or with tax reductions? So far, the answer is, "no," they do not want to play the game at all. They are content with the status quo.

Last night, we were informed by the President of the United States that if we would simply pass appropriations bills with the items in it that he regarded as priorities, then he would sign the appropriations bills. Wonderful. Not a word about reforms in the entitlements, which are absolutely necessary in order to have any money left over in future years for any of these discretionary programs. Well, of course, that is an unacceptable offer. The only way we can determine whether or not there is money for any of the programs that we feel important, or that the President feels are important, is to operate within the same set of parameters, and to have the President submit to us something which his party will support and he will sign, which meets that goal of a balanced budget in the year 2002.

It can be as radically different as that which the Senator from Nebraska advocates here. That would clearly be a starting point. I suspect that if it were a program such as he proposed, he would find a great deal of support for many of its elements on this side of the aisle. But he knows we are not going to get any such proposal from his political party. I hope that he regrets that we have gotten no proposal at all that meets those requirements—none at all. We have simply a statement that "we have these priorities and those priorities," none of which includes balancing the budget. Now, this is not a zero-sum game, Mr. President, because

built into the proposal which passed as part of the Balanced Budget Act of 1995 is a huge dividend of \$170 billion to the Government of the United States—perhaps half a trillion more in income in the pockets of the American people in the form of higher wages and lower interest rates, a dividend which disappears if we do not reach the goal.

Almost precisely identical with the date of last year's elections, interest rates began to drop in the United States. Almost precisely with that time, productivity began to increase in the United States. Inflation is lower in the United States, as I read the statements of the Chairman of the Federal Reserve Board, due to anticipation of a balanced budget.

If this deadlock continues—if the President makes no proposal to reach that goal, no proposal, not that his own advisers think is a good one, but one that will stand the test of time and the financial markets of the United States—these improvements in our economy will be ephemeral. Interest rates will go up, the number of jobs will go down. We will be in a serious situation.

So I know that those Senators on this side who have heard the remarks of the Senator from Nebraska will admire them and in most respects agree with them, but the time has come that either he needs to persuade his party to adopt his position, or at least he needs to persuade his party to respond within the frame of reference that is now the law of the United States for the last 10 years, and come up with some alternative that reaches those goals using the same set of figures that will provide the dividend we have been told will be the dividend resulting from a balanced budget.

Somehow or another we have to get such an answer. We cannot negotiate a precise position on one side against no position at all on the other side. That is what we have from the President of the United States.

I return to the beginning of my remarks: 4 years ago the statement of the Senator from Nebraska would have been more widely heard in the United States, when he was a candidate for President. I do not think I would have voted for him against the candidate of my own party, but I certainly think the country would have been better off had he succeeded in being the Democratic nominee.

Mr. KERREY. In response to my friend from Washington, let me say that I do believe the President started off this year with a budget as everybody knows that he submitted, and I do not think there was a single vote for it when it came out. He understood he had to change and came on with a 10-year plan and, 10 or 14 days ago, agreed now to support a plan to balance the budget in 7 years.

What I was trying to do and am trying to do is not just persuade Democrats, but Republicans as well that we have, as we go into these negotiations,

which is what we are doing now—I am part of a group that the Democratic Leader DASCHLE has put together to discuss and come up with a proposal so that we have something that we can try to reach agreement with Republicans over.

I am trying to say to Democrats as we do that, that yes, we should defend those things we think are important, make sure that Medicare has a sufficient amount of resources, for example, so that we do not have to unnecessarily punish particularly rural hospitals, and look for ways—I think block granting Medicaid is not a good thing, and rejected that.

We should object to things we do not like in the proposal, but in addition to looking for a way to bridge the gap, which if I was going to predict I think likely will knock the CPI back by half a point and shave the tax thing back by x amount of dollars and put more money in Medicare and Medicaid and go home and say we have a deal.

That is lying there to be done. I do not know if we will have the capacity to get it done, but we will now have a move toward balancing the budget in the year 2002.

The only impact we have with our vote is on this year's budget. The difficult thing I have is that according to the Congressional Budget Office, the proposal that was passed with all Republican votes actually increases the deficit next year and increases the deficit the year after.

Why? Because the tax cuts are front-end loaded. Again, if you examine the Congressional Budget Office's analysis of the tax cut, it produces less economic growth. The CBO is saying that the status quo produces more growth than what we have with the \$245 billion tax cut.

Even if you could find a way to bridge the gap and say, "Use the CPI to eliminate the cuts in Medicare and figure out some way to bridge the gap," we are left with a tax cut proposal that does not promote economic growth, which I think ought to be mission No. 1 as we analyze our tax system.

I am merely saying that I am prepared and am in the negotiations as we meet on the Democratic side, and I find myself with an unusual opportunity with so much morning business—we have had very little of that lately. As I find myself with an opportunity to come to the floor and talk about this, I just want to waste no moment to stand up and say that not only do we need to balance the budget, but we need to change these mandatory programs, the laws that govern.

Democrats who say, "Gee, I want to spend more money on education; I want to put more money in child care; I want to put more money in rural health clinics; I think we ought to do more in research and science." Republicans who say, "I think we need more law enforcement," or Democrats the same way—once we decide, and there is a lot of agreement.

This whole diatribe started with praise from the Senator from Rhode Island and the Senator from Idaho for their work on the Safe Drinking Water Act and I pause to note that the distinguished senior Senator from Missouri said quite accurately that we have authorized more than we will be able to appropriate for the infrastructure to keep our drinking water safe; that a dominant reason we are not likely to have the money for those kinds of investments is that we are seeing an increase year after year after year of money going to mandated programs.

Mr. President, 34 percent of the budget this year goes to appropriated accounts; 64 percent of the budget this year is mandatory programs and interest; 36 percent is left over for appropriated accounts. At the end of this 10-year cycle we have lost another nine points; another nine-point increase in mandatory and interest.

For all the rhetoric on both sides of the aisle about taxes, the one thing I say to taxpayers that has remained constant as a result of general success in keeping the economy growing, keeping the environment such that investors create the jobs like I mentioned with Steve Jones and Jim Clark earlier with Netscape and so forth, the companies that are creating wealth and creating more economic activity, that growth has enabled us even though we spend more money, the percent of the Federal budget of our economy has remained about 19 percent.

Unless somebody is proposing to increase that beyond 19 percent—that is your given—and what is happening is more and more money is going, a larger and larger share of that 19 percent, is going for mandated programs, leaving less for everything else.

I hope I persuade Republicans that there is an alternative course here for us, to vote to do something that will revolutionize our future. And I hope to persuade Democrats, as well, who want to collectively invest in education and so forth, that the only way we will be able to do that is to get our arms around these mandated programs in some more aggressive fashion than is even in the Republican budget proposal.

I appreciate the very kind remarks of the distinguished Senator from Washington, and I hope that the kindness begets kindness. I hope we end up into the day voting in a bipartisan fashion for something that does revolutionize our future, that does move us in a radically different direction than the one we are heading right now because, folks, we are heading in a direction we do not want to go.

We will end up in the future saying, why did we not do that when it was easy? It is easier today than next year. And it will be easier next year than the year after. This is not one where time is on our side.

As tough as adjusting the CPI by a point looks, as tough as it might seem to phase in over a 15- or 20-year period

adjustment in the eligibility age from 65 to 70, as tough as those things look today, every year you wait it gets tougher to do it. Every year you wait we will have to impose changes that are more difficult for those Americans who have planned on those programs being there for them.

I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Tennessee.

A BALANCED BUDGET

Mr. THOMPSON. Mr. President, first of all I, too, want to commend the Senator from Nebraska. I am sure he will not get used to it, but, for today, I do. Because I think the work he and Senator DANFORTH and Senator SIMPSON and others have done regarding the Entitlement Commission is probably the single most important effort that has gone on in this town for a long, long time. They probably feel like voices crying in the wilderness right now. But it will not always be that way. It is something that will grow. People pay more and more attention, because it is the fundamental truth and the most important truth that is in existence with regard to this entire effort.

I think the Senator from Washington, a few minutes ago, was absolutely correct in terms of his assessment of the current situation. We are talking about a short-term consideration and we are talking about a long-term one. The current situation is we have struggled mightily this year, with great difficulty, and we have produced a balanced budget. The President, while giving lip service to that proposition, is apparently going to do everything he can to avoid a balanced budget because it means giving up power, it means giving up spending authority, it means giving up prestige with regard to certain interest groups that elect people in this country.

But, hopefully, we will resolve those differences and we will wind up with a balanced budget. I know we are committed to it. The Senator from Washington is committed to it. That is what we promised we would do. That is what the American people said they wanted. We are going to take them at their word. It is just that simple. We can negotiate around the edges, but, as far as a commitment to a balanced budget, a real balanced budget, we are there.

The Senator from Nebraska makes a very fundamental point. In the middle of all this, it is very important that we keep in mind what we are doing now is just child's play with regard to the important issues facing this country. He is absolutely right that we are doing the more easy part of it now and putting off the more difficult parts for later on.

The thing that has been disturbing, I think, to many of us throughout this entire debate who are somewhat new to this process and just having come to the Senate is, as we take a broad view of it, it becomes so difficult even to get