this country will exceed the budget deficit this year, and you do not hear a whimper about it on the floor of the Senate.

Let me say that again. We will have a larger trade deficit this year in this country than we will have a budget deficit.

Our trade deficit will be nearly $180 billion. That means jobs have left this country, things are being produced elsewhere. And we have a bunch of economists who are measuring economic progress in this country by what we consume. Every month they flail around and say, ''Gee, America is doing well because we are consuming more.''

The genesis of economic health, it seems to me, the seedbed of jobs and opportunity in the future is not what we consume, but rather what we produce. Do we have good manufacturing jobs in this country?

Among the discussions of trade must be a discussion about NAFTA. I just want to show my colleagues a chart. The red, incidentally, is a trade deficit, trade with Mexico. Before NAFTA, before a trade agreement, a trade agreement which, incidentally, we never seem to be able to win—every time we show up at a negotiating table on trade, we seem to lose—we had a trade surplus with Mexico. We reached a trade agreement, and what happens? Well, we have a deficit with Mexico. This year, that deficit will be $16 to $18 billion. We will have lost about 200,000 American jobs to Mexico.

Take Mexico and Canada together, because that is what NAFTA really is, two countries. Look at the cumulative trade deficit with both countries, which will reach about $40 billion this year. I will during the next 4 or 5 months every month come to the floor to discuss the trade deficit with Japan, over $60 billion and the trade deficit with China, over $30 billion, all of which means fewer jobs and less economic opportunity in this country. It seems to me that we ought to turn our attention in 1996 to the question of who are we and what do we want to be in terms of providing opportunity in the private sector in the form of jobs to the American people.

Do we decide we want to compete with people who make 12 cents an hour and hire 12-year-olds to work 12 hours a day? Not me. That is not fair competition. Yet, the product of child labor flows into this country every day in increasing quantities. The product of labor that makes a quarter an hour making tennis shoes, 30 cents an hour making shirts, 80 cents an hour making shoes, flows into this country every single day, and it displaces American workers who, if they are able to find another job, find a lower-income job. And if they are not able to find another job then become unemployed, or those who are despondent, or those who see somehow a stock market that reaches record highs, productivity on the rise, CEO salaries never higher and discover that American workers get laid off or that 60 percent of American families—who, during dinner at night, discuss their situation —understand that they now make less money than they did 20 years ago when you adjust their income for inflation.

Part of the discussion we must have as a country, Republicans and Democrats, conservatives and liberals, CEO's and workers, the private sector, Wall Street and Main Street, is what about economic opportunity in this country? Will we continue to measure our economic health by what we consume, or will we decide that our productive sector, our manufacturing base, the seedbed with good jobs, with good incomes make a difference to this country? Will we decide to do something about that?

Will we decide to stop and put an end to the insidious, perverse tax provision that says if you close your U.S. plant and move it overseas, we will give you a tax break? That exists in law. I have had a vote on that in the Senate and lost. It is inconceivable to me that we would retain in our Tax Code a provision that says if you will shut your American manufacturing plant down, lay off your workers, and move those jobs to a tax-haven country somewhere else in the world and then manufacture the same product and ship it back in to our country, we will give you a tax break.

It is inconceivable that this Congress does not act to say we stand for American producers and American workers. No, we do not build walls around our country, but we want our country to compete in an economic system where competition is fair.

I hope in the coming months that this Congress will decide that trade deficits matter; that record trade deficits, the highest in the history of the world that this country absorbed in 1995, are intolerable.

Trade deficits that are bigger than our budget deficits are intolerable. This country needs to do something about it. For those who wonder about some of the issues, on NAFTA, which is the one trade issue, there was something released yesterday by Public Citizen. It says that NAFTA has broken promises. It is a rather lengthy, footnoted document. There are many other evidences of the same problem.

My interest in 1996 is that all of us, together, decide that budget deficits matter and we are going to balance the budget; trade deficits matter and we are going to address the chronic trade problems; farm programs matter and we are going to construct a farm program that makes sense for the family farmers of this country.

I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

REFLECTION ON THE PAST YEAR

Mr. THOMAS. Mr. President, I rise to reflect a little bit on the past year but, more importantly, to reflect on it as it pertains to what we do in the coming year. I am sorry this year has ended in the conflict over the balanced budget. That has been one of the principal items of this entire year. We have worked on it almost all year. We worked on it in terms of a constitutional amendment to balance the budget. It failed by one vote. We worked on it then through the appropriations process into a reconciliation balanced budget bill, which changed a great many things. A balanced budget is much more than, of course, simply arithmetic or numbers. It is a fundamental change in the direction this Government takes.

So I am sorry that we ended up with this conflict, and I am sorry that Federal employees have become sort of trapped in it. I hope that that changes soon. I hope more than anything that we are able to complete the work that we started on the balanced budget.

I have been in this body now just for 1 year, and I came, as I think most of us came, in 1994, with a message from home that the Federal Government is too big, it costs too much, and the Federal Government is generally too intrusive in our lives. I believe that, and I think most people believe that.

One of the measurements of good government is the responsiveness, I think, to the voters, and to what people at home have suggested. So this year, then, in terms of those kinds of things, it has been a little frustrating. It has been frustrating in that we have come up to a balanced budget amendment, which I thought was necessary, but we could not quite get there.

We have done a great deal on welfare reform. We passed it in this body with a good vote, and now there has been some change in terms of accepting that reform. Then there is regulatory reform. Almost everybody recognizes that the regulatory system results in overregulation and results in regulation that is not efficient, and that the cost benefits often need to be measured there.

On the other hand, it has been a very fulfilling year, it seems to me. I came to Congress in 1989 when Dick Cheney went over to Defense, and I spent 5 years in the House. During that time, it seems to me, there was very little real consideration of change, little discussion of fundamental change in the way this Government behaves and operates. Instead, we sort of dealt with the policies that had been there for a very long time. There was a good deal—and continues to be—of protection of the Great Society kind of programs, the little tinkering around the edges when they came up for renewal. If they did not work right, if the results were not what we hoped they would be, whenever there was measurement of results—which, frankly, is not often enough —then the chances are that we put more money into the program. We continued to increase spending over this period of time, and the effort was basically to see how much increase there was going to be. If we did

not like the product, we would put more money in it. Welfare is one of the best examples. Of course, more people are in poverty now than when the welfare program started over 30 years ago. The program needs to be changed.

I understand resistance to change. Change is much more difficult than maintaining the status quo. I think that is part of what is happening here. Some are simply concerned about the uncertainty of change. Nobody knows exactly what will happen. Others, of course, have real philosophical differences. There are people in this body and in this country who believe more Government is better, who believe that the answer to questions that exist with respect to jobs and the economy and services is more Federal Government. I do not happen to share that view. Frankly, the majority does not believe that.

But this has been, I think, a very encouraging year, a very exciting year, because we have reformed and reframed the debate. Instead of extending all the programs and talking about tinkering around the edges, we have begun to look at the merits of the programs and ask, ''Is this a program that needs to be carried out by the Federal Government, or is it one that could be better carried out by the State government? Is it accomplishing the purpose for which it was established?'' We are beginning to measure some results, which is kind of an unusual process in the Federal Government. So we have changed the way we look at things. I think that is very helpful.

The debate now has been about holding down spending, not about how much you are going to raise it, but whether we can hold down the rate of spending some. That is a difficult thing to talk about because what do you hear on the floor and in the media? ''They are going to cut Medicare. There will be no more benefits out of Medicare.''

We know that is not true. We know that Medicare, under the proposal, continues to grow at 7.2 percent annually, as opposed to 10 percent, and the spending per beneficiary goes from $4,700 to over $7,000. But we hear it is going to be cut, that we are going to ruin it, exterminate it, because that is the easier conversation. But we have talked about that and we changed that conversation.

Instead of talking about more and more intrusion into State and local government, we are talking about block grants, about the 10th amendment, which says clearly that those things not set forth in the Constitution to be done by the Federal Government should be left to the States and the people. It is pretty clear and simple.

I happen to come from a small State. Some of our needs are quite different than they are in New York. Greybull's welfare problems are different than they are in Pittsburgh. We need to be able to manage it. Instead of talking about how that should grow on the Federal level, we are talking about block grants. We have changed the discussion, and that is healthy.

We are talking about balancing the budget. We have not seriously done that for 30 years. Sure, somebody mentions it occasionally. The President has agreed to it. I will have to admit there have not been results from that yet, but I think that perhaps there will be. To balance the budget in 7 years with CBO numbers is a promise that we have. That is a change.

So, Mr. President, we have not accomplished all that we would like, I am certain. On the other hand, I have to tell you that I am encouraged that we have changed the direction of this body and I think we have changed the framing of the discussion; the purposes have changed. We are going in a different direction. We have not accomplished as much as we would have liked, but we will.

In this coming year, it is very important to continue what has begun. Mr. President, I wish you and my colleagues well as we enter into a new year, representing the people of America. We are, after all, the board of directors, the trustees here. We are responsible to respond to our people. We are responsible to respond to what the voters said. We are responsible to make some decisions, by the way, instead of negotiating for 2 months. I am pretty exasperated with that process, as I know everybody is.

In any event, it is a new year, a good year, and I look forward to some fundamental changes in this country, as I think most people do.

TWO SIMPLE STEPS TO BALANCING THE BUDGET IN 7 YEARS

Mr. MOYNIHAN. Mr. President, the shutdown of the U.S. Government is becoming a crisis. A recent article in the New York Times carried this headline: ''Judge Says Budget Impasse Could Shut Nation's Courts.'' The article reported that:

> A senior judge who represents the policy-making board of the Federal judiciary today warned that the budget stalemate might force the nation's courts to shut down shortly after New Year's Day.

Mr. President, this is unthinkable. It is time to settle, and a settlement ought to be within reach. Here are two simple steps that I propose be taken immediately to break the stalemate and balance the Federal budget in 7 years:

First, drop the tax cut; and second, a 1-percentage point correction in the Consumer Price Index.

Under the President's December 1995 budget as scored by CBO, these two steps get you to a balanced budget in the year 2002. It's as simple as that, It's doable and ought to be done, and it ought to be done now.

Mr. President, I ask unanimous consent that a table entitled ''Two Simple Steps to Balancing the Budget in Seven Years,'' and the article from the New York Times of December 23, be printed in the RECORD.

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

TWO SIMPLE STEPS TO BALANCING THE BUDGET IN 7 YEARS

[By fiscal year, in billions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Deficit under administration's proposal as estimated by CBO	148	162	155	148	145	130	115
Drop Tax Cut	−3	−13	−14	−16	−22	−24	−25
CPI minus one percentage point	−5	−15	−26	−37	−51	−66	−82
Additional savings on debt service	.....	−1	−1	−2	−3	−4	−6
Deficit Disappears	140	133	114	93	69	36	2

Compiled by Senate Finance Committee Democratic staff from CBO estimates.

January 2, 1996.

[From the New York Times, Dec. 23, 1995]

JUDGE SAYS BUDGET IMPASSE COULD SHUT NATION'S COURTS

(By Robert D. Hershey, Jr.)

WASHINGTON, December 22.—A senior judge who represents the policy-making board of the Federal judiciary today warned that the budget stalemate might force the nation's courts to shut down shortly after New Year's Day.

Gilbert S. Merritt, the chief judge of the United States Court of Appeals for the Sixth Circuit, said in an interview that ''a breakdown in constitutional order'' could occur if money was not authorized soon.

His warning came as an additional 20,000 workers were ordered off the job today, bringing the total number of furloughed Federal workers to 280,000, about one in seven people on the Government's nonmilitary payroll. The partial shutdown reached its seventh day today, surpassing the six-day shutdown that involved 800,000 workers in mid-November and making it the longest on record.

The White House and Congress are trading accusations over who is more to blame for the deadlock. The shutdown results from their inability to agree on several spending bills needed to finance Government operations in the fiscal year that began on Oct. 1. Meanwhile, they are also arguing about legislation to balance the Federal budget by the year 2002.

The White House has issued a six-page list of Government functions suspended by the budget deadlock, ranging from granting farmers special permission to use restricted