

ISTEA extension bill. Over 200 amendments were filed to S. 1173, when it was brought before the Senate last fall. Several Members are anxious to offer their amendments. Punxsutawney Phil, the groundhog, has seen his shadow, but we here in the Congress cannot seem to see the handwriting on the wall.

I again urge the leadership to bring forward and take up the ISTE A bill now and let the Senate get on with debating and voting on the many amendments that have been filed in connection with this bill.

There is simply no other way that we can hope to complete action on this critical legislation prior to the May 1 drop dead date that presently is hanging over the heads of all of us like Damocles' sword. All of us are responsible for ensuring that the Nation's highway programs continue without undue interruption and uncertainty. The time for dithering and delaying is over. We need to keep our commitment to the States and to our people and act now to avoid this doomsday scenario.

Mr. President, I thank the Chair and I yield the floor.

Mr. President, 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. COVERDELL. 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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. COVERDELL. Mr. President, parliamentary inquiry. It is my understanding that the next hour of deliberation is under my control or that of my designee.

The PRESIDING OFFICER. The Senator is correct. Under the previous order, the time between 10:30 and 11:30 shall be under the control of the Senator from Georgia or the Senator's designee.

THE PRESIDENT'S BUDGET

Mr. COVERDELL. Mr. President, over the last several days, there has been considerable discussion about the State of the Union Address and the general framework of the President's new budget and subsequent presentations that have been made to the Congress and to the American people about this budget. Over the next several months, we are going to entertain a lot of hyperbole, a lot of rhetoric, and probably a lot of finger pointing, but I have a business background—bottom line. The bottom line here is that the celebration conducted on the White House lawn last year for the first balanced budget in 30 years and the first tax relief in 16 years, if we accept the President's presentations, is being canceled. It didn't last a year. Just take an x and mark it out and take all those films and set them aside. It didn't happen, because the tax relief—the first

significant tax relief in 16 years—was \$110 billion over the next 5 years. The President's budget envisions tax increases of \$106 billion over the next 5 years. So the tax relief is crossed through, gone.

Now, it's true that there will be a different set of winners and losers, which is unfortunately the type of thing that happens in the Capital City. The point is, they made huge fanfare that we were giving \$110 billion in tax relief. We have gone home and talked about it, and we are right back here raising it again, canceling it out.

Now, the balanced budget—the first in 30 years—the balanced budget agreement, which was a very hard-fought battle, finally secured and signed with great celebration on the White House lawn, envisioned a cap of expenditures over 5 years. In other words, we came to terms about how much we were going to spend between the signing of that and the year 2002. Preset. We told the American people that we are on a glidepath and we have decided what we are going to spend. Well, the fruits of this have been enormous. The world has looked at us and said that this is a very positive thing. The President's budget takes that and sets it aside and says, no, we are going to go back to the days of tax and spend, and he is proposing \$150 billion in new spending, added on above those caps that we agreed to.

So, in short, bottom line, you take the budget deal and tax relief and throw it out, cancel it. That is where the debate starts this year. I think that is unacceptable.

Mr. President, we have just been joined by my good colleague from Missouri. He is operating under a real scheduling problem here. I am going to yield up to 10 minutes to the Senator from Missouri. He is dealing with another matter, but we want to facilitate the Senator's schedule, and it is a very important initiative that he is going to be talking about this morning.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

(The remarks of Mr. BOND and Mr. FRIST pertaining to the introduction of S. 1599 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. COVERDELL. Mr. President, we have now been joined by the senior Senator from Texas, Senator GRAMM, an acknowledged expert on economics and the budget. I welcome him to the floor to discuss the President's budget. I yield up to 10 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I thank our dear friend and leader from Georgia, Senator COVERDELL, for yielding. Let me first say that this is a very happy occasion to me because I have come to the floor of the Senate to talk about a budget where in the one provision that Americans clearly understand best, and based on the historical

problems we care about most, we have a unanimity of purpose with the White House, with the Democrats. In fact, this is the first time in my career in Congress that we have a President, a minority party, and a majority party, all of which have committed to balancing the Federal budget.

It is a certainty that if the economy stays as strong over the next 18 months as it is today that we will balance the Federal budget in fiscal year 1999, which is October of 1998 through September of the year 1999. That, obviously, is good news.

So I think the first thing we need to do is we don't need a debate about balancing the budget. We don't need a debate about how we differ with the President on this subject. Some people will want to debate about how it happened. Some people will want to debate who should have the credit. But it seems to me that the good news is given the economy stays as strong as it is we are going to have a balanced budget, and the President and the Congress—Democrats and Republicans—agree on the bottom line of that budget.

So given all of that happy news, I think we should just simply take it to the bank, so to speak, and move ahead on that front.

Now the question comes: Where do we disagree? That is what I would like to talk about today because I think those disagreements are very, very important. How did we get to where we are today? It seems to me that it started in 1985 when for the first time we really started to try to gain control of spending. It has been fiscal responsibility—often a battle between the President and the Congress, Democratic Presidents, Republican Presidents, Democratic Congresses, Republican Congresses. But the basic fact of life is that since 1985 we have limited the growth of Government for the first time really in the postwar period.

Where does the President want to take us from this happy moment, and where do Republicans want to take us from this happy moment? Given that together with a strong economy we are going to balance the budget, which road does the President want to go down? And which road do Republicans in Congress want to go down? Then it seems to me that it is up to us to define those paths as we come to this fork in the road where people need to choose which path they want to follow.

The President is proposing in his budget \$115 billion of new taxes and user fees. These taxes entail many different provisions from taxes on airline tickets to changing the way we deal with life insurance—numerous provisions. But when you add up all of the taxes and user fees, the President's budget over the next 5 years will take \$115 billion out of the pockets of Americans and transfer that money to the Government. The President will then use that money to fund in part a \$130 billion increase in Government spending. Anyone who heard the State of the

Union has heard the long list of things that the President wants to spend money on.

The first thing I want people to understand is that this represents a dramatic change in policy. The President is contemplating from this point where we have all come together to balance the budget taking a leftward path at this fork in the road that entails a very substantial increase in taxes, and a very substantial increase in Government spending.

Let me tell you why I am concerned about the increase in taxes and user fees. I am concerned because never have Americans paid more taxes than they do today. American families all over the country—when you add up the total taxes they pay—are paying about 31 cents out of every dollar they earn to the Government in taxes. We didn't pay 31 cents out of every dollar at the peak of the war effort in 1944 and 1945. We didn't pay 31 cents out of every dollar at the peak of the Civil War effort. Never in the history of the country have taxes been higher than they are today. Yet, in the President's budget under his own numbers, the percentage of the income of Americans who work for a living that goes to the Federal Government in taxes rises for 1998 over 1997 and rises for 1999 over 1998.

For 3 years in a row, despite the fact that we are at the highest tax level in American history, the President would raise taxes again, meaning that Government would be spending more of our income than at any time in American history. And the only other times in American history that we have even rivaled this level of taxes were times when defense spending was at a record high. And today defense spending is lower than it was when the Japanese bombed Pearl Harbor on December 7, 1941.

Now it seems to me that what Republicans have to do—and I think we need to do it in a very open way because this is a public policy choice—is we need to go through and look at all of the \$115 billion in taxes and user fees, loophole closures, whatever euphemism the President may have for them, and we need to make a judgment. Are these good things, are they bad things, should they be done, are they equitable, and do we want to take that much in revenues? That is the first question we have to answer. I think we do it by looking at each individual program and making a decision.

Then we come to the decision as to what you would do with this money if you had it. If we had \$115 billion of new revenues, would we want to go out and undertake \$130 billion of new spending programs, or would we want to give that \$115 billion back to the American people by cutting taxes?

It seems to me that the difference between Republicans and the President at this sort of defining moment where we are on the verge of achieving a balanced budget and facing this fork in the road that the President wants to go

left in raising taxes to increase spending even though the tax rate is at a record high. I believe Republicans think that we should look at each one of the President's revenue proposals. But, if we believe that they merit our action, our support, we think we ought to take that money and give it back to working Americans in terms of tax cuts.

We have had proposals by the President, for example, to spend \$21 billion on child care, a new massive program at the Federal and State level in block grants. Republicans believe there is a child care problem. Today the average American family sends one out of every four dollars it earns to Washington, DC. In 1950, when I was a baby, the average American family was sending one out of every forty dollars it earned to Washington, DC. Today working wives in two-parent families where both parents work outside the home are paying 55 percent of their earnings in taxes that didn't exist when I was a baby.

So, obviously, working families do have a problem paying for child care and raising children. But is the answer another \$21 billion Federal program? Or is the answer, for example, to double the dependent exemption from \$2,500 a year to \$5,000 a year so that instead of taking \$2,500 off your income before you figure your taxes per child for those under 6 you take \$5,000 off per child. So you could keep more of your own money and invest it in your own decision about child care, whether it is professional child care, whether it was church based child care, or whether it is grandma keeping the children, or whether it is mom staying home with the children. You would have a choice. That, it seems to me, is a legitimate choice that Americans can look at.

The President believes the answer to child care is \$21 billion of new Government spending. We believe the answer is to take the \$21 billion, double the dependent exemption for children under 6, and let working families decide how to spend the money. I think the advantage of our program is you don't have to use child care to get benefits. If you stay home with your children, you get the benefit. If you work outside the home and grandma takes care of the children, you get the benefit and you decide how to spend it. Who says one is better than the other? I think that is up to the American people. But that is the decision we are making at this crossroads where the President says the answer is more Government, and we say the answer is more freedom—in this case freedom to spend your own money.

If you ask American families that are in that income level—between \$25,000 a year and \$50,000 a year—so that their tax rate is popping up from 15 percent to 28 percent, if they would rather the Government spend \$130 billion on their behalf, or would they rather say that if they can work and make more money we will tax them at 15 percent instead of 28 percent, what if we could say for

single people that they can earn \$34,000 and still be in the 15 percent bracket, and we could say to working families that they can earn \$50,000 and still be in the 15 percent bracket instead of \$40,000? If we could do that for the same cost that the President is going to incur in funding all of these new Government programs, would working families rather keep that extra money and spend it themselves on many of the same things we say we are going to spend it on their behalf, or would they rather us do it?

Again, we are at that fork in the road where we came together to balance the budget. But the President and the Democrats say let's spend this money on more Government programs. We say let's let working families keep more of what they earn, and for middle-income families who have seen all the Reagan tax cut eaten up by an increase in payroll taxes, let's stretch out this bracket at 15 percent.

Let's go up to \$34,000 for single, and \$50,000 for working couples where they will still be taxed at 15 percent, not 28 percent. Would they prefer having that, or \$130 billion worth of new Government spending? No one says the President is wrong and we are right. What we are saying is America, which do you want? Do you believe Government can spend your money better than you can spend it? Do you think we are wiser than you? Do you think we know your needs better than you know your needs? Do you think we have this wisdom and insight and perspective that you as fathers and mothers, grandmothers and grandfathers lack? Well, if you do—and that is a perfectly legitimate view; it is not one I share, but it is legitimate—then you want to support the President's program. But if you believe you could spend the money better, that you know a little bit more about taking care of your children and raising your family than the Government does, then you want to support what Republicans want to do. You want to support going down the fork in the road that we choose from this point. That is basically the choice that we have.

Let me address two additional issues very briefly. If we have a tobacco settlement where we agree with the tobacco companies that they are going to pay the Government money—and the whole purpose of the settlement that everybody forgets in this rush to spend the money is that if there is a settlement the settlement is that the tobacco companies owe the taxpayers for the medical costs that have been imposed on the Federal Government as a result of people smoking—where have those costs been imposed? Those costs have not been imposed on school buildings or teachers. I'm not sure that smoking stunts your growth when you are a child but we know that it raises the probability that you will have lung problems, heart problems, and numerous other health problems when you get older.

The cost of smoking borne by Medicare has been probably six dollars for every one dollar that the States have spent on Medicaid because of smoking. So if we are going to have a tobacco settlement, the cost that the tobacco companies are paying to the Government is really to compensate for the cost of Medicare.

So I don't think it is unreasonable that we ought to take that money and use it to save Medicare—not just for our parents but for our children.

So if there is a tobacco settlement, the money ought to go where the settlement agrees it is for, and that is to compensate the taxpayer for medical costs. And almost all of those costs at the Federal level are borne by Medicare.

Finally, if we are just simply going to raise taxes on cigarettes, then we get back to the decision at this fork in the road as to whether if we are going to raise taxes on cigarettes to discourage people from smoking, should we give the money back to Americans by cutting tax rates, or lowering the taxes in some way, or should we have the Government spend it and let the taxes which are already at historic highs rise even further?

Again, there is no right or wrong here. It is a question of what Americans want.

Finally, in protecting Social Security, I went to the State of the Union Address, and I guess many people tuned in excited to hear what the President was going to say about Social Security. The plain truth is, to my disappointment, the President said almost nothing about Social Security. He has proposed no program whatsoever. He just simply outlined the \$130 billion worth of new spending and then said to Republicans, do not dare talk about cutting taxes because you need the surplus to save Social Security.

The point is, if we want surpluses to save Social Security, we should not spend the \$130 billion to begin with.

How would you save Social Security? First of all, over the next 5 years, \$600 billion is going to be paid into Social Security above the level that we are actually paying out for Social Security benefits.

Under the President's budget, we spend \$400 billion of it on general Government. I think we ought to take that money and invest it in Social Security. How would you do it? Let me tell you very briefly how I would do it. Currently, workers pay 12.4 cents out of every dollar they earn in wages to Social Security. None of it represents a real investment, and it is all either paid out in benefits or spent on general Government. There is no trust fund. The trust fund exists as only a paper accounting system where the Government claims it owes money to Social Security, but it does not count it as an external debt and when it pays interest, it does not count it as an expenditure of the Government.

What I would do is take that \$100 billion a year being paid in above what we

are spending and actually make investments that would be owned by individual workers. By doing that we can cut in half the long-term liability of Social Security.

So to sum up, since I know one of my other colleagues is here to speak, we have come together on a bipartisan basis, Democrats and Republicans, the President and Congress, with a unity of purpose to balance the budget. We agree on that, and we are going to do it, and that is no longer something we are debating. The question is where do we go from here. Do we need more Government even though we have a record high tax rate, or do we need to let people keep more of what they earn? That is the choice we face. That is what the debate is about. And I hope people will understand it and make their choice. I believe they will choose freedom. They always have when they have had the choice and when they have understood it. I believe that is the choice they will make.

I thank the Chair.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Georgia.

Mr. COVERDELL. I appreciate very much the thoughtful remarks by the Senator from Texas.

We have been joined by our colleague from Arizona, and I yield 7 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, I thank my colleague from Georgia and, of course, second the remarks just made by my colleague from Texas.

Mr. President, with the Federal Government apparently on the verge of its first unified budget surplus in nearly 30 years, many people are beginning to ask what comes next, what should happen to the budget surplus if and when it materializes. Should we spend it? Should we begin to pay down the national debt? Should we provide hard-working American families with some meaningful and, I would say, long overdue tax relief?

Before we try to answer those questions, I think it is worthwhile to recall how we got here. Remember, it was not that long ago—in fact, it was as recently as February of 1995—that President Clinton submitted a budget that would have locked in annual deficits in the range of \$200 billion in the foreseeable future. A unanimous Senate rejected the Clinton budget on May 19, 1995, and from that point on the debate took a fundamental turn from whether to balance the Federal budget to how to balance it.

During the last 3 years, we began to slow Federal spending growth. We have eliminated 307 mostly small Federal programs. But perhaps the most decisive factor has been what we did not do. We did not impose another large tax increase on already overtaxed families and businesses. And that gave people enough room to do the things that

they would naturally do to result in an invigoration of our economy. In fact, the economy has outperformed everyone's expectations, producing tens of billions of dollars in unanticipated revenues to the Treasury which has helped to close this budget gap.

When the budget agreement passed last year, for example, deficits were projected to go from \$67 billion to \$90 billion. The budget agreement allowed for substantial amounts of new spending before starting down the path to balance in the year 2002. It was the expectation of deficits in the interim that were higher, not lower, that contributed to my decision to oppose last year's budget deal. It now turns out that the 1997 budget deficit came in at only \$22 billion and is projected to amount to about \$5 billion in the current year, all because of the economy's robust performance and it comes in spite, I would note, of the substantially increased spending allowed by the 1997 budget.

So what ultimately we decide to do with the surplus—and again I caution that projections are just that, projections—we ought to be sure that it sustains the economic growth that has gotten us to where we are today. And that is why of the three possible approaches to utilizing this budget surplus, it seems to me the one that makes the most sense is to return what we do not need to spend at the Federal Government level back to the hard-working families who earned it so that they can make the decisions in their own lives as to how to spend that surplus, thereby enabling us to continue the long term of economic growth which this country has been on now for the last many months and to ensure that robust economic growth continues to produce more revenues to the Treasury in the future that can help us sustain both the Federal budget and ensure that we do not have deficits in the future.

The President, of course, has taken a political road here. He is suggesting that we should use the surplus for Social Security purposes. As Senator GRAMM pointed out, there is no indication as to how he would do that, and as a matter of fact since the money going into the Social Security trust fund amounts to an IOU to the Social Security trust fund because it is then immediately spent by the Federal Government, we do not put Social Security money in a shoe box here at the Federal Government level. What the President in fact is saying is simply allow that money to be spent by the general fund of the U.S. Government, and I think that is unacceptable.

The other thing the President has said is, let's spend about \$130 billion on new programs. That is not what to do with the budget surplus that may or may not materialize, and that in any event would put us on a road to spending that money every year in the future. Clearly, we cannot sustain forever the kind of economic growth we

have today, and as a result we should not be embarking on new spending programs that we are going to have to find new sources of revenue to support in the future.

Another thing we can do is to begin to pay down the national debt. Given the fact we are paying almost \$1 billion a day on interest on the national debt, it makes sense for us to do that. So to the extent we do not need the revenues for other purposes, we can devote part of that to paying down the national debt. But I suggest that the best way to ensure that we can continue to have a robust economy, continue to gain the receipts that we need to pay for Federal Government programs and also to ensure that American families continue to receive some benefit from this economy is to provide that hard-working American family with tax relief to the extent that the budget surplus permits us to do so.

Clearly, the most effective from an economic point of view, what Alan Greenspan testified to the other day, if we are going to provide tax relief, it should be in terms of marginal relief for all Americans. But to the extent that politically we are not able to do that this year and that we need to do something in a targeted fashion, I think most of us agree the most beneficial kind of tax relief would be aimed at eliminating the current marriage penalty which in effect has the Government of the United States supporting a policy which encourages people who are living together, working but who are not married, to continue to stay unmarried because, after all, if they marry, then the second person's income is immediately put into the top bracket and they end up paying a lot more in taxes than they would if they remained unmarried. It should not be Government policy to be fostering that kind of family situation, and as a result the marriage penalty ought to be one of our first targets for elimination to the extent we can spend any of this surplus for tax relief.

I use the word "spend," Mr. President, and in closing I want to make this point. That is the term that the budgeteers use, that the people inside the beltway use when they talk about a surplus and putting it to "good use." They talk about spending as if it were Federal Government money. And in the beneficence of the Federal Government we are going to give it back to the American people. The truth of the matter is we should not have taken it from the American people in the first place because, as it turns out, we did not need it and as a result the only right thing to do is for the Federal Government to return it to the American people in the form of tax relief.

Again, I conclude by saying the benefits of that are twofold and significant. No. 1, American families are already way overtaxed, and this enables them to provide more for their families in a way that they deem most effective rather than somebody here in Wash-

ington, DC. But secondly, because there is more family income at their disposal, to be spent, to be saved, and in saving to be invested in the American economy, we can ensure that the economy continues to perform as it has with the result that not only do we all have a better standard of living but, of course, the Federal Government continues to get more revenues because we have not changed basic tax rates. As long as those rates remain where they are, a robust economy is going to continue to allow the Federal Government to do just fine in terms of its collections of revenue. That is why we can ensure that we can balance budgets in the future, we can have plenty of money to begin paying down that Federal debt, and we can provide tax relief to families and encourage a robust economy if we will use whatever surplus exists to return to the American people so that they can then spend it as they see fit.

These are the options. I think that the Republican plan, which focuses on debt reduction and tax relief, is the right way to go and that the President's ideas for more spending, while they will get a courteous listen here on Capitol Hill, are in the end not the best way to deal with the surplus that we might have and ultimately will have to be rejected by the Congress.

I thank my colleague from Georgia for making this time available to discuss these important issues and look forward to our continuing discussions.

Mr. COVERDELL. Mr. President, I thank my colleague from Arizona for his remarks and yield 7 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. I thank the Chair. I, too, thank the Senator from Georgia for getting the time in the Chamber to talk about the President's budget submission and some of the things that we hope Congress is willing to do in working with the budget that we have. I concur with my friend from Arizona who just spoke and, before that, my senior colleague from Texas who talked about the very clear choice we have in dealing with the budget issues.

The clear choice is, do you believe that we should increase Government spending by \$123 billion this year or do you think the hard-working American family should get back more of the money it has earned and worked for. And do you think we have a responsibility to our future generations to pay down the \$5 trillion debt that has accumulated over the last 40 years in our Congress.

That is the clear choice. I come down very strongly on the second choice. The choice should be that we would do what is responsible for ourselves and for future generations, and that is to pay one-half of any surplus we might have on the debt so that we start whittling it down to a reasonable, manageable size. We cannot turn over to our children and grandchildren a bill of \$5

trillion, that if we are in a recession, will skyrocket their taxes in order to pay. The other half should go back to the people who earned it. I never cease to be amazed at the way people who want to have more Government spending talk about tax cuts. They talk about tax cuts in terms of what is it going to cost the Federal Government. I talk about tax cuts in terms of what is it going to cost the American family if we don't give back to them the money they worked so hard to earn, for them to decide what they would like to spend it for in their own families. That is the difference in framing the question. And I am for the hard-working American family.

Most families in this country—in fact, the average family in this country pays 38 percent of what it earns in taxes. That is wrong. We do not need to have that much Federal Government encroachment into the pocketbooks of the American people. We do have responsibilities in Government, but we do not have to take such a chunk out of the hard-working American's pocketbook if we manage our taxes and our spending responsibly and if we are efficient in spending the taxpayer dollars.

So I would just say that I think the President has gone on the wrong track when he says we are going to have a surplus and therefore I want to increase spending by \$123 billion. He is mortgaging the future of our children and he is saying I want to spend today and let's not think about tomorrow. That is not what our responsibility is, as the stewards of our country and our Government.

So I am hoping we will do the right thing. I am hoping that as we are looking at a level budget that we will also prioritize within that budget and I hope we will remember, on the eve of potential problems and conflicts in the Middle East—that we will remember one of the main roles of the Federal Government is to provide for the national defense. In fact, this budget does begin to stop the decline in spending for procurement in our national defense. It does provide for a 3.1 percent increase for our military personnel—well deserved. But it continues to decrease the personnel strength. In fact, in this year's budget it decreases another 43,000 in our troop strength from 1997 levels. We are already at the lowest levels this country has been since the Korean war.

There was the assumption after the cold war that somehow the world was safer. But now, because we see escalating tensions in the Middle East, because we know the North Koreans continue to train and build up their military, we see the conflicts around the world and the potential conflicts—and it is clear the world is not a safe place from which we can retreat.

So I hope we will look at this drawing down of our strength. From Desert Storm levels, we will be down half a million in troop strength, from roughly 2 million, drawing down under this budget request of the President to 1.4

million. I do not think that is responsible. In fact, at a time when the Army had its worst recruiting year since 1979, I do not think it would be prudent to put more responsibility on the thinning ranks of our troops who are leaving our armed services because of the overseas deployments. So, I am going to stand for the strength of our national defense, for that priority in our spending. I want to keep the other side, the increase in bureaucracy down, so our national defense stays up and so we can return to the taxpayers the hard-earned tax dollars that they deserve; and that we start paying down the debt. That would be my approach and I hope that is what Congress will do in the budget deliberations.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I understand the Presiding Officer, the Senator from Wyoming, is our next presenter, and will soon be approaching his desk.

I yield up to 7 minutes to the Senator to make his presentation on the budget. Madam President.

The PRESIDING OFFICER (Mrs. HUTCHISON). I recognize the Senator from Wyoming.

Mr. THOMAS. Madam President, I thank the Senator from Georgia for arranging for our discussion this morning. It seems to me it is one of the most basic discussions that we will have during the year. Budgets, after all, are sort of a map as to where we go. They are without great detail, but sort of limit where we are going. They have to do with the revenue that we anticipate raising. They have to do with the expenditures, and generally where those expenditures will be. So, in terms of direction, in terms of what we really expect the Federal Government to do, the budget is extremely important.

Let me mention that the budget basically is done by the Congress. The President has been very outgoing in claiming credit for all the things that have happened over the last few years, but the fact is the Congress is responsible for the spending. No spending can occur unless the Congress agrees to it. No spending can be made in the Federal establishment unless approved by the Congress. So the responsibility is here, and I guess also you could say if there is any credit for having done some downsizing over the past few years, it also goes here.

But I wanted to talk about something just a little bit different and that is, frankly, my disappointment in the approach that is taken in this case, and other cases as well; I am disappointed that when we have something to decide in our Government, all of our Government, that we are not more willing to lay things out as they are. I am, frankly, a little exasperated with all the spinning that goes on from almost everyone here, but frankly particularly from this administration, in sort of trying to say that things aren't really

what they are. That is so discouraging, especially when we are in a time when there is greater communication availability to all the world, and certainly to the American people, than there ever has been. So that if you ever thought of having Government of the people, for Heaven's sake, now we can do that because everyone can know what the facts are. They are there automatically.

Yet, as we go through these things, it is really difficult to understand what is being done because they are described one way at the White House, you know, as if this is a wonderful breakthrough and we are going to contain the size of the Government; that this is the end of the era of big Government. But the fact is, it is not. It is a growth. It is larger Government. It is more taxing. But it is hard to kind of decipher these things.

Let me read some material from James Miller, who was the OMB head in the Reagan years. He is talking about the things that have been said, and what he thinks, at least, the real facts are. Miller says we have, in ". . . the president's words, 'the smallest government in 35 years[.]'" And yet, in 1963, "at the height of Camelot," he calls it, "total federal spending (in 1997 dollars)—1997 dollars, adjusted for that—was \$580 billion, with 48 percent going for defense. For 1998 the federal government will spend \$1.625 billion, of which 16 percent is for defense. And the President says "the smallest Government in 35 years."

You know, that just is not the way it is. Now we are spending 15 percent for defense, as the Senator from Texas just described. Federal spending per capita was \$3,069 in 1997 dollars in 1963. It is, today, \$6,000. Spending per capita has doubled. The President says we have "the smallest Government in 35 years." The comparison is even more telling when you include State and local governments—\$4,100 per capita in 1963; \$9,500 per capita now.

You know, it is really discouraging to try to deal and get people involved in making decisions as to what they think is best for this country when the facts are so distorted. There is nothing wrong with having it laid out there in real terms. This is a legitimate decision. There are those who want more Government and more taxes and more expenditures. That is a legitimate point of view. I don't happen to share it. That is the liberal agenda. That is what we debate all the time. The other alternative, of course, is to have less taxes, less spending, a less large Federal Government and move, more and more governmental functions closer to people. Those are legitimate debates. Why it is, frankly, that we tend to hide those all the time under rhetoric I am not certain.

Let me give you another example. The President says, "Under the leadership of Vice President GORE we have reduced the Federal payroll by 300,000 workers." According to the U.S. Office

of Personnel Management, between January 1993 and September 1997, Federal civil employment fell by 254,000; 217,000 of that was attributable to defense, the closing of bases, civilian workers in defense; 17,000 came from downsizing the Department of Veterans Affairs; and 14,000 more from completing the work on S&L's. This is not a reduction in the size of Government. But, you know, we are told that.

So, Madam President, I am hopeful, too, we can hold the caps we agreed upon last year, that the President agreed upon. I hope we can continue to move towards making the Government smaller and more efficient. I hope we do not continue to grow and to bring in new fees that we don't recognize as taxes, although they are. So we have a great opportunity. All I ask is let us get it out there, debate it on the face of the real facts and not disguise it, trying to act as if it is something that it is really not.

Madam President, I yield now to the Senator from Kansas to complete our discussion for this morning.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Madam President, I appreciate the recognition and the statement of the Senator from Wyoming, with which I associate myself.

I rise to make a few remarks on the President's \$1.7 trillion budget proposal. Most people can't even recognize exactly what \$1.7 trillion is, as a size, a quantity of money.

I believe one of the biggest challenges facing this second session of the 105th Congress is to maintain the fiscal discipline that we exercised during consideration of the historic bipartisan budget agreement. Unfortunately, after reviewing the budget it appears that the administration wants to walk away from that challenge, and that is truly regrettable for Americans today, for Americans born in the future, and certainly for the baby boomers soon to be retiring—in less than 15 years.

In this budget the President pretends to be fiscally responsible while at the same time calling for massive new spending programs, new programs in many areas that he says were directed towards helping families. But if the President really wants to help families, why doesn't he propose ending the marriage penalty that penalizes people for being married? Why doesn't he ask for marginal tax rate reduction? But, instead, it's just proposing more of the same tax-and-spend policies that have given us the era of big Government, which was supposedly over. It appears as if the era of big Government is back with a vengeance.

In contrast to the President, I believe that we must hold the line on the size of the Government and reject attempts by this administration to bolster spending in violation of our bipartisan budget agreement. Remember, this bipartisan budget agreement was not just the product of last year. It was something we have been struggling for

3 years, to get an agreement on the budget. For 3 years we have been fighting about how can we restrain Federal spending, get it in line with receipts so we could get to a balanced budget agreement. We have been struggling for 3 years on that, yet now, less than 7 months after the agreement, the President is walking away. This is in gross violation of this agreement. We cannot let the administration mortgage away our children's future in order to help satisfy this insatiable appetite for big Government spending. We must be able to deal with these problems within the framework that we have already agreed to.

I just want to point out a few things, and I know some people have already done this but in case we get carried away with the idea that now we have these surpluses and everything is rosy, we can spend to our heart's content, I don't know how many people realize, I hope most do, that once we get to a balanced budget it has nothing to do with the mortgage we already have on the country, which is \$5.4 trillion, over \$20,000 per American. It has nothing to do with the unfunded obligations that we are on the hook for when the baby boomers and others start retiring, that extend to about \$14 trillion in addition to the \$5.4 trillion.

Here we are talking about being responsible for Medicare payments for when the baby boomers start retiring. We are talking about other entitlement programs that people have paid into, that there is an obligation by the Government, but we do not have funds set aside to take care of these obligations.

So you are looking at taxing future generations more and more and more to be able to meet those obligations at a time when, if we would exercise a minimum amount of fiscal discipline, just do the budget agreement we have already agreed to, we can start to deal with some of these unfunded obligations.

In case people think this is a long way off in the future, the baby boomers start retiring in less than 15 years, and they are going to be, instead of pulling the wagon, in the wagon saying, "You obligated yourself, I paid into these funds, now I am calling on these."

The percentage of the Federal Government, as a percentage of the overall economy, is at historically high levels, nearly 20 percent of the economy. If the President wants all these new spending programs, why doesn't he propose equal cuts to other Government programs? Does anybody in this body allege that we don't have significant amounts of Government waste in spending? Let's cut those programs if he wants the new spending programs, rather than adding more and more taxes and fees and burdens on the American public. That would be the way to deal with this, is to try to get at some of the wasteful spending programs that we already have.

I look forward to working with the administration on this budget, but we

cannot break this hard-fought bipartisan budget agreement on the altar of just more and more taxing and spending that keeps driving up the cost of Government, keeps taking more and more from taxpayers, keeps making it harder and harder for the average family to make a living and to be able to support their own children like they would like to do.

So I have great disappointment with what the administration has put forward in growing and in getting back to the era of bigger Government. I am afraid we are just going to have to push to maintain what our agreement was this past year. I think it is regretful that we are at that point. Madam President, it seems as if we are. Thank you very much. I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

EXECUTIVE SESSION

NOMINATIONS OF CARLOS R. MORENO, OF CALIFORNIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF CALIFORNIA AND CHRISTINE O. C. MILLER, OF THE DISTRICT OF COLUMBIA, TO BE A JUDGE OF THE UNITED STATES COURT OF FEDERAL CLAIMS

The PRESIDING OFFICER. Under the previous order, the Senate will now go into executive session to consider two nominations which the clerk will report.

The assistant legislative clerk read the nominations of Carlos R. Moreno, of California, to be United States District Judge for the Central District of California and Christine O. C. Miller, of the District of Columbia, to be a judge of the United States Court of Federal Claims.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Madam President, I rise today to support the nominations of Carlos Moreno to the Federal district bench in the Central District of California and Christine O. Miller to the Court of Federal Claims.

I plan to discuss in greater detail why I intend to support these judges' nominations, but first I would like to address some of the concerns that have been expressed with respect to the Senate's role in the confirmation of Federal judges.

As chairman of the Senate Judiciary Committee, one of the most important duties I hold or fulfill is in screening judicial nominees. Indeed, the Constitution itself obligates the Senate to provide the President with advice concerning his nominees and to consent to their ultimate confirmation. Although

some have complained about the pace at which the Senate has moved on judicial nominees, I would note that this body has undertaken its constitutional obligation in a wholly appropriate fashion.

Indeed, the first matter to come before the Senate this session was confirmation of three of President Clinton's judicial nominees. Senator LOTT is to be commended for giving these nominees early attention. As well, the Judiciary Committee has announced judicial confirmation hearings for February 4 and February 25.

In 1997, the first session of the 105th Congress, the Senate confirmed 36 judges. This is only slightly behind the historical average of 41 judges confirmed during the first sessions in each of the last five Congresses. And I would note the Judiciary Committee itself processed 47 nominees, including the two judges we are considering today.

Currently, there are 88 judicial vacancies in the judiciary, 85 if the three nominees confirmed last week are included. In May 1992, however, when a Republican occupied the White House and the Democrats controlled the Senate, there were 117 vacancies on the Federal bench.

In fact, there are more sitting Federal judges today than there were through virtually all of the Reagan and Bush administrations. As of today, there are 756 active Federal judges. In addition, there are 432 senior judges who must, by law, hear cases, albeit with a reduced load. Ordinarily, when a judge decides to leave the bench, he or she does not completely retire, but instead takes senior status. A judge who takes senior status, as opposed to a judge who completely retires, must hear a certain number of cases each year. Thus, when a judge leaves the bench, he or she does not stop working altogether, he or she merely takes a somewhat reduced caseload.

Even in the ninth circuit, which has 10 vacancies, only one judge has actually stopped hearing cases. The others have all taken senior status and are still hearing cases. The total pool of Federal judges available to hear cases is 1,188, a record number of Federal judges.

The Republican Senate has confirmed the vast majority of President Clinton's judicial nominees, and if the President continues to send us qualified nominees, I am sure that trend will continue. Let me say, however, that I will not vote to confirm judges who refuse to abide by the rule of law. In my view, that is the absolute minimal qualification an individual must have to serve as one of our lifetime-appointed Federal judges.

Last year, I sought to steer the confirmation process in a way that kept it a fair and principled one, and exercised what I felt was the appropriate degree of deference to the President's judicial nominees. It is in this spirit of fairness that I will vote to confirm Judge Miller and Judge Moreno.