

Senator HAGEL and I have been extremely concerned about the trade policy of the United States, not only in regard to the administration, but in regard to this Congress. In Nebraska and Kansas, States we are privileged to represent, our livelihood, our very livelihood, depends on progressive, consistent trade policy. We both know and we both have talked for almost a year now about the Asian flu, the global contagion, and how that has impacted especially agriculture—our Kansas farmers and our Nebraska farmers—but everybody that depends on trade.

We have been very concerned about the lack of funding for IMF and normal trading status for China, fast-track legislation—which, I must say, the withdrawal of fast track and now the defeat of fast track in the House is a terrible blow; it is like shattered glass, if you will. It is like an embargo. I think we are going to pay enormous penalties for that. And then sanction reform, as the Senator mentioned. Until we get our act together, until we get a consistent and positive policy in regard to trade, I am afraid we will go through some very, very difficult times.

The Senator from Nebraska has seized the issue. He has given a very comprehensive view. I want to thank him for it. I hope that many pay attention. I look forward to working with the Senator in this regard.

KOSOVO

Mr. ROBERTS. Mr. President, I rise today to discuss a related issue. The Senator from Nebraska touched on foreign policy and how it affects our national security. I want to express my concern that President Clinton and the United States, in coordination with NATO, is once again preparing to take military action with very little, if any dialog, with the Congress or the American people.

Once again, the President of the United States may be about to “plant the flag” of U.S. credibility that will lock this Nation in another expensive, long involvement without any clear discussion—it may be warranted; it may be in the national interest, but without any clear discussion of U.S. vital national interest—and that involvement is in a place in the world called Kosovo.

The news today is pretty grim. The news from Kosovo has been and continues to be very grim. In the Washington Post, here is a story as of this morning:

“New Kosovo Massacre May Spur NATO To Act.” This is not pretty. I am quoting from the Post story by Mr. Guy Dinmore:

Their bodies lay as they fell, throats cut or shot in the back of the head—19 ethnic Albanians believed to have been executed by Serbian police units in the most harrowing massacre of civilians since warfare erupted in Kosovo seven months ago.

Relatives and neighbors today dug graves for the dead—most of them women, children

and elderly people—as they tearfully recounted the massacre that occurred Saturday when government forces entered this village in the Serbian province of Kosovo following the killing of seven policemen by separatist guerrillas.

With the death toll in the bitter conflict between government forces and ethnic Albanian rebels steadily mounting and little sign that Serbia will adhere to a unilateral cease-fire senior NATO sources said today there is a growing possibility that the Western alliance will intervene militarily in Kosovo as early as next month.

Serbia is the dominant Republic of Yugoslavia, and NATO sources say the alliance's next step would be to deliver an ultimatum to Yugoslav President Slobodan Milosevic demanding a cease-fire and full access to refugees from the Kosovo conflict. If the demands are not met, they said, NATO would proceed with plans set in motion at a NATO defense ministers meeting last week to launch airstrikes against Serbian targets. Last week, the U.N. Security Council issued a call for an immediate cease-fire and the withdrawal of government forces from Kosovo.

In the New York Times—and as Senator MCCAIN pointed out a few short moments ago, and completes the pictures—there is a very disturbing story summed up:

Senior officials in Washington and NATO last week stepped up their threats of military force against Milosevic and demanded that his forces stop their rampage.

A USA Today headline, “Yugoslavian Army Takes Steps to Avoid Strikes.”

Up to 150 Yugoslavian army vehicles pulled out of southern Kosovo Tuesday in an apparent move to avoid NATO airstrikes, Yugoslavia media reported. But the Pentagon said it had seen no evidence of a large-scale pull back, and NATO stepped up its plans for military strikes to stop the Yugoslav onslaught.

Then in the London Times, a story by Tom Walker, the reporter who discovered the tragedy:

I discovered the bodies of 16 Albanian civilians [now it is up to 19] massacred by Serb forces in a remote village in Kosovo yesterday.

I won't go into the gory details.

The international press and our local national press are forecasting what I think everybody in the Senate certainly is aware of.

I commend to my colleagues the latest issue of Time Magazine. The headline reads, “The Balkan Mess: The West has been fiddling while Kosovo burns and regional peace strategies falter.”

This is precisely the topic that Senator HAGEL was talking about. I don't like saying this, but the headline says it: “And Bill Clinton is too distracted to pay proper attention.”

The highlights of the article are as follows:

But Kosovo is far and away the worst of the current crises. Vowing not to permit another slaughter like Bosnia's, the NATO allies threatened Yugoslav President Slobodan Milosevic last June with airstrikes unless he halted his security forces' attacks on the rebellious Albanians. Even if Clinton hadn't been bedeviled by scandal, the threat would have been difficult to carry out. France [in typical fashion] refused to go along with the

military action unless the U.N. Security Council approved, and Russia promised to veto any resolution that authorized it.

Washington was also stuck in internal wrangling. Secretary of State Madeleine Albright wanted the White House to push harder for NATO military action, but Defense Secretary William Cohen balked, fearing air strikes would only embolden the Kosovo Liberation Army, then at the peak of its strength and demanding an independent state, which Washington opposed. Clinton was too distracted to knock bureaucratic heads or force the allies to carry out their threat. The indecision “proved to be a disaster,” said a U.S. diplomat. “Milosevic took the measure of the west and decided he could take advantage of it.”

By last month, The Serb leader had turned his counteroffensive against the rebel army into a campaign of terror against Albanian villages. Suddenly, whole sections of the population were being driven from their homes, but the Western response remained inaudible. In part, critics charge that the U.S. tacitly let Milosevic go ahead because the West also wanted to break the back of the rebel army, whose lack of structure threatened regional stability.

That is a sad, sad commentary if in fact that is true.

So last week the Security Council finally passed a Franco-British resolution demanding that Milosevic halt his offensive and begin negotiations, or face the possibility of armed intervention. The attack plan calls for U.S. cruise missiles to be launched first . . .

I'll repeat that.

The attack plan calls for U.S. cruise missiles to be launched first against Serb military targets in Kosovo; then, if needed, NATO would mount a wider air campaign outside Kosovo against security facilities in Serbia.

Even if the Administration rouses itself to take charge of the Balkan situation—

Senator HAGEL tried to point this out, and Senator MCCAIN has tried to point this out, as others have—

damage to U.S. foreign policy may have already been done. Allies sense distraction and are growing worried, but are unable to step in. Enemies may see opportunities for making mischief.

That is certainly true, with the third-stage rocket being tested by North Korea, and Saddam Hussein is certainly not behaving. And India and Pakistan are continuing their war of words. There is very little justification, by the way, for the missile strike in regard to Sudan and the Khartoum chemical plant. I won't go into all of that, but let me say on record that I do not think that the justification can be verified:

Enemies may see opportunities for making mischief. For rogue leaders like Saddam Hussein and North Korea's Kim Jong Il, the Balkans may convey a different message: Now is the best time to take what they want.

Senator MCCAIN talked about this last week, and he did so a few moments ago, also. Last week, he repeated the observation made by the former majority leader, Bob Dole of Kansas, who tearfully told an audience he had been to Kosovo and was shocked in regard to the number that have been killed, the atrocities, and the tragedy that 250,000 people are in the mountains hiding,

trying to prevent them and their families from being killed. I don't know what is going to happen, but it is a human tragedy. Bob Dole said, "For goodness sake, let's not repeat Bosnia."

Let me say that I just came from an intelligence briefing as of yesterday with Senator DEWINE of Ohio. He and I are extremely concerned about the situation. I can tell you that our sources from the various intelligence assets certainly confirm what the press has reported—a human tragedy in the making, a foreign policy disaster that bears upon the ability of NATO to function. Now, what do we do about it? Last July, I offered an amendment to the Defense Appropriations bill that required the President to come before the American people and the Congress before he committed the U.S. to a military involvement in terms of Kosovo. The amendment asked the President to address several items to make his case before we intervened.

Why is it in our national interest? You can argue it both ways. You can say we are into another Bosnia, another \$10 billion, and year after year of presence; or you can say that the future of NATO is in danger. You can even make a case that it is in our national interest to intervene. But regarding the amendment, I went on to ask, how many troops will be required? Now, that is a good question because when the distinguished Senator from Alabama, Chairman of the Intelligence Committee, and I were visiting the new NATO countries just a month or 2 ago, we were at a social event and one of the generals who certainly plays an important role regarding NATO indicated to me privately that it would take 70,000 troops to be on the ground—"peacekeepers," as he called them. I have no idea how 70,000 troops can be in that part of the world, with that rough terrain, in the middle of winter, with no accessible roads and a very difficult situation where the Serbs are trying to kill the ethnic Albanians. I don't know how we can put 70,000 troops in there. But if we are going to do that, we at least ought to go over those contingencies.

Then, again, I stated it should be mandatory to state what the objectives would be, when we expected the troops to be withdrawn, and what criteria would signal "mission complete," what the cost would be and what would be the funding source.

I am going to interrupt again and say that, yesterday, as Senator MCCAIN pointed out, the Joint Chiefs of Staff came before the Congress, and it was a pretty candid session. That is putting it mildly. I don't agree with the press coverage in the Post as of this morning regarding Senators raising holy hell with the Joint Chiefs of Staff. We wanted candor and they gave us candor, and it pointed out that the joint chiefs—all of the services combined said we need \$21 billion to keep our services in a status where at least we

could honor our responsibilities regarding readiness.

I pointed out that the President has requested \$1 billion. It has to be offset in the rest of the defense budget. The Marine Corps needed \$1.9 billion just to put new tires on trucks, and other essentials. So he is going to get \$51 million, but he has to offset it in another way. The rest of the services said we need \$5 billion or \$6 billion, or the "nose of the plane," in terms of readiness, will go into the ground, and the President requested \$1 billion that has to be offset, and \$1.9 billion in terms of emergency funding regarding Bosnia. This is a disaster. We do not even have enough funds to keep our services in a readiness posture, and here we are talking about going into Kosovo, and perhaps we should, but there has been no dialog. What would be the impact on an overstressed military? We are stressed and we are strained and we are hollow in some portions.

The distinguished present occupant of the Chair summarized it very well when we had that hearing. The Senator from Oklahoma was the Readiness Subcommittee chairman. He had a hearing last week that pointed this out. The first obligation to the Federal Government is to guarantee our national security, and we are not doing that today. Also, as of today, nothing has been heard on the subject from the administration regarding Kosovo. Now, that train has left the station while the Nation has been preoccupied with other matters.

Let me point out what has happened in the Serbian province of Kosovo since July. Mr. Milosevic has steadily increased the level of violence against the Albanian majority. Estimates put the number of deaths at several hundred. We read the latest reports, and the number of refugees is probably around 250,000. As I have indicated before, we have intelligence assets and there is talk of humanitarian relief—and I am for that—but we can't even find these folks. Why? Because they are hiding in the trees, on the mountains, in the snow, and women and children are starving, because they are afraid Serbs will kill them. NATO has developed plans for military action against the Serbian forces. I will point out that NATO had a flyover, called "Determined Falcon." That was one falcon who wasn't very determined. These planes flew over for about 3 minutes. What was the signal sent to the Serbs? We were not really serious about it. They took advantage. What was the message that was given to liberation army on the other side? It was: I think the United States is going to come to our aid. So there wasn't any real dialog. I wonder why that demonstration was even started.

Humanitarian groups, including U.S. State Department, have warned that a human disaster is in the making if the refugees do not find shelter and food before winter starts. Winter has started. This week, the first snows have fallen in Kosovo.

The U.N. has adopted a resolution under Article 7 of the U.N. Charter demanding an immediate cease-fire. Under Article 7, military force can be used to "compel compliance," Mr. President.

NATO members are being canvassed about the number of troops and equipment they are willing to commit to an "undefined operation in Kosovo." We have several hundreds troops in Macedonia. The general told us, when we were over in the NATO countries, they need at least 70,000 people. You know the U.S. would have a larger portion than 200 or 300.

I am calling for the administration to come to the Congress now and not after a military action and the commitment of U.S. credibility and fully discuss what the plans are, what is the objective, how many troops, what is the cost, what is the national interest for military action in Kosovo. None of the questions addressed in my amendment have been answered, but it is clear to me the United States and NATO are very close to a prolonged, costly involvement in another part of the Balkans.

And the risks of such an involvement is great. The risk of not taking action is equally great. As I have indicated, we have several hundred U.S. troops on the ground in the neighboring country of Macedonia. What risk would they be in if we strike? What is the risk of destabilizing the entire region if we incite a broader conflict in Kosovo? What is the risk if we do not? How likely will a conflict in Kosovo draw Turkey and Greece into the fray as opponents? These are tough issues. They require very close examination before we get involved, and not after a military demonstration strike of cruise missiles.

The administration and the national security team, with all due respect, is the most doggone outfit I have ever seen in terms of planting the flag; and, then, after the flag is planted we have the choice of whether we are going to withdraw while the troops are in the field. You can't do that. So the flag is planted, and then we are stuck.

If the administration thinks threats of military action may alter the behavior of President Milosevic, what clearer signal of intent could we send that we were prepared to forcibly stop the violence against the Albanians than by having the President of the United States lay out the issues to the American people?

It might be a good idea to come back and confer with the Senate, as Senator WARNER, the distinguished Senator from Virginia, the leading spokesman for defense and foreign policy, has requested the administration to come up and consult. It might be a good idea to get off the fundraising trail, Mr. President, and come back and do that.

The President owes this Nation and the Congress the full explanation of intent if we are to become even more involved in Kosovo.

There is no need to discuss the military details of any proposed action. I

am not asking for that. No one is asking for that. We don't need to know the timing, or the types or selection of weapon platforms. But we do need a dialogue on why this is necessary, and why this is in our U.S. vital national interests.

I indicated just a moment ago that Senator WARNER has requested Secretary Cohen, our national security adviser to the President, Sandy Berger, Secretary of State Madeleine Albright, and anybody else that will listen, especially the President of the United States, to please come down here, to please come to the Capitol, and to please consult with us. What is going on?

As I have indicated, we are having a very tough time in regard to the national defense.

As I said, it is a national disgrace. And before we commit American men and women in uniform to a possible combat role overseas and an additional role as opposed to what we are doing in Bosnia, we have to be consulted. Mr. President, what is going on?

Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE BALANCED BUDGET

Mr. GRAMM. Mr. President, I don't know to what extent it will run in headlines in the papers tomorrow or to what extent it will be a feature on the news tonight, but today is a very important day because today, for the first time since 1969, the Federal Government has balanced its budget. Today, for the first time since 1969, the Federal Government has done what every family and every business in America has to do every year, and that is balance their books. And it is a very big deal. It is a very big deal because it gives direct benefits to every citizen because we are not going to borrow any money next year. What it means is that the Federal Government, with all of its borrowing power, will not be crowding out small businesses, will not be competing against homeowners, and, as a result, rather than the Federal Government running a \$200 billion deficit, which would be \$200 billion we would borrow, taking it away from small businesses that would have created jobs and new economic opportunity, taking it away from families that would build new homes, new farms, and invest in building new factories, now that money will go in the private sector.

I noticed on Saturday that there was a headline in the Real Estate section that said, "Loan Rates Fall to 30-year

Low." It is not a coincidence that we have balanced the budget for the first time in 30 years. If we had a deficit today at the same level that we had 5 years ago, mortgage rates, rather than being 7 percent, would probably be 9.5.

What that would mean is that millions of Americans who today can build and buy their own homes would not be able to build and buy those homes. People would be paying hundreds of dollars a month in interest payments that they are not now paying. We have literally created millions of jobs. We have seen the largest growth in equity values in the history of the country. Today, the average American family has more money in financial assets than it does in the equity of its home. That has never happened before in American history, and it is probably true that last year the average white-collar worker saw the value of their financial assets in their 401(k)s and their IRAs grow more than their income.

So the American people are happy. The approval rating for the President is at a record high. The approval rating for Congress is at the highest ever recorded for any Congress in history. And I think the basic reason is because we have balanced the Federal budget, the economy is strong, and, despite all the economic problems in the world, there is one economic oasis of prosperity, and that economic oasis is America. It is the product of a Government which has been willing to say no when no is the right answer.

What I would like to do today is the following. I would like to try to address this sort of age-old question of who did it. I don't want to spend a lot of time on that because I am willing personally to give credit to lots of different people and institutions, but I want to make an important point about the role of the American people. I then want to talk about a threat that I see on the horizon, and that threat is that I see growing signs in the waning days of this session that Congress is poised, at the prodding of the President, to initiate another spending spree that could endanger the surplus, that could drive up interest rates, and that could reverse everything that we have done.

So let me begin with a question. I have a chart here. It is about balancing the budget, and it really poses the questions: Who led? Who followed? And who got out of the way? My guess is, to the extent that anybody in the country is interested, there is going to be a lot of effort today for people to try to claim credit, so I thought it would be instructive to go back to 1995.

In 1995, we have a new Congress, a Republican majority for the first time since 1954. We have had a dramatic election which has changed the political landscape of the country. And President Clinton, in January of 1995, submits a budget that has a deficit of approximately \$200 billion. That \$200 billion deficit rises for a couple of years and then basically comes back to

a \$200 billion level. In fact, the President in that budget that he submitted showed for the fiscal year 1998 an on-budget deficit of \$274.8 billion, with an off-budget surplus with Social Security of \$78 billion. So roughly a \$200 billion deficit. That was the budget the President submitted in 1995.

The new Republican Congress submitted a budget that sought to implement this document which was much discussed in 1995—is largely forgotten today; unfairly forgotten, in my opinion—and this document is the Contract With America: A Bold Plan to Change America.

The budget that flowed from this plan—this plan principally being a plan developed by NEWT GINGRICH and DICK ARMEY in the House—produced a budget submission that, for the first time since 1969, proposed to balance the budget, in this case over a 7-year period, with a practical program to achieve that result.

What actually happened? You can look at the red to see what Clinton proposed, and that is \$200 billion deficits as far as you can see. You can see what the new Republican Congress proposed, and that is a proposal to gradually, consistently lower the deficit to balance the budget in the year 2002.

Finally, you can see in yellow and black what actually happened. What actually happened was, with the election of a Republican majority in both Houses of Congress, interest rates started to fall immediately, equity values started to rise almost immediately, and the net result is, the American people started to believe that something might have actually changed because they went to the polls in 1994 and voted for a change. The net result is, we have a balanced budget today.

The point I want to make is, if you want to know who led, the American people led. Those who should be given credit here—and I think the lion's share of the credit—are basically the people who came out and voted for a change in 1994. Elections have consequences. Elections make a difference. They rarely live up to their billing. We did reform welfare. The House did vote on every item they committed to in the Contract With America. But, as you know, the President vetoed the spending cuts and the substantial tax cut contained in the Contract With America. So Republicans advertised more than they were actually able to deliver.

The point is, by changing the political environment in Washington, DC, the American people did the rest. The economy performed, and we have a balanced budget today.

Who led? The American people led. Who followed? Republicans followed. And who got out of the way, and reluctantly got out of the way? Bill Clinton.

Today, we are facing a new crisis. I guess it was predictable. With a surplus, the first surplus in many of our adult lives, we are seeing an intensifying debate about what to do about it.