

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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

Everybody will remember the President in the State of the Union Address stood up and said:

But whether the issue is tax cuts or spending, I ask all of you to meet this test: Approve only those priorities that can actually be accomplished without adding a dime to the deficit.

Now, if we balance the budget for next year, it is projected that we'll then have a sizable surplus in the years that immediately follow. What should we do with this projected surplus? I have a simple . . . answer: save Social Security first.

Tonight, I propose that we reserve 100 percent of the surplus . . . every penny of [it going to Social Security].

That is what the President said on January 27.

Then he said it even more clearly on February 9. This was in a speech on Social Security at Georgetown University. He said:

I think it should be the driving principle of this year's work in the U.S. Congress: Do not have a tax cut; do not have a spending program that deals with that surplus; save Social Security first.

Interestingly enough, this clear rhetoric by President Clinton has started to change. If you follow the evolution of it, it has changed in one fundamental way, and that is, he has stopped talking about spending. All he is talking about now is tax cuts.

I read from the Washington Times on September 27. The President says:

The Republican tax plan drains billions of dollars from the surplus before we have done the hard work of strengthening Social Security. It is dead wrong to return a portion of the surplus to the American people via tax cuts.

But for the last month, the President has not mentioned spending.

The President started out in January saying, "Don't spend it, and don't give it back in tax cuts." When the President stood up and said those things, since I and many others have been working on trying to develop a plan to rebuild the financial foundations of Social Security, I applauded.

What has happened—and it has been a subtle change which I am sure has not been recognized by many people—is the President has gone from saying, "Don't spend it, and don't give it back in tax cuts, save it for Social Security," to, "It's dead wrong to return a portion of the surplus to the American people via tax breaks."

What is left out is a discussion of spending.

The minority leader, Senator DASCHLE, says:

We're not opposed to tax cuts, we're just opposed to using the Social Security trust fund to pay for those tax cuts.

Where is the rhetoric about using the Social Security trust fund to pay for new spending?

Let me tell you why the President and his supporters have stopped talking about spending. They have stopped talking about spending because they have started spending.

Under the President's proposals, those that have already been adopted

and those that are pending before the Congress and those that are being dealt with day and night now in the last 2 weeks of this session, the President has proposed busting the budget by up to \$20 billion.

The tax cut in the House, which the President has committed to veto because it takes money away from Social Security, costs, according to the Congressional Budget Office, \$6.6 billion in fiscal year 1999. The President has said, "Don't give that \$6.6 billion back to the American people; save it for Social Security." But the President has proposed, and Congress has either adopted or is in the process of adopting, up to \$20 billion of new spending.

I ask the question: If it hurts Social Security to give \$6.6 billion back to working families, to repeal the marriage penalty and to get rid of the earnings test which prevents people who are retired from being able to work to supplement their income without losing their Social Security—both of those provisions I strongly support, but both those provisions I am willing to defer if the money is going to Social Security. What I don't understand is, if it is wrong to give \$6.6 billion back in tax cuts, how can it be right to spend \$20 billion—over three times as much—on new Government programs?

So the President's first speech was right in January. He told the whole story: "Don't spend it. Don't give it back in tax cuts. Use it to save Social Security." But for the last month, the President never mentions spending anymore. You read quote after quote from the President's allies, and over and over and over again you find the same thing: They are against cutting taxes, but they never mention spending.

Congressman BONIOR, who is the House Democrat Whip, said in the debate on the tax cut, "This tax bill is a raid on the Social Security trust fund. It is nothing less." Where is his speech about \$20 billion worth of new Government programs now pending before this Congress?

Are we concerned about raiding the trust fund only when the money is going back to working Americans, or do we have any concern when the money is going to spend money on the same old Government programs? Obviously, for some people it is only a problem if it is going back to the taxpayer; if Government is spending it, it is not a problem.

Some might ask, how is this happening, given that we have a budget and that we have committed to a balanced budget? Well, how it is happening is a loophole in that agreement that allows the President to declare spending an emergency. And by declaring it as an emergency, it can become law in violation of the budget.

I want to, in the brief time I have left—and let me ask, Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 2 minutes 40 seconds remaining.

Mr. GRAMM. I ask unanimous consent that I have 10 additional minutes.

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

Mr. GRAMM. Let me review for you the emergencies the President wants to spend money on. Let me remind you of the Daschle quote. And the Daschle quote was, he was not against tax cuts, he was simply against taking the money away from Social Security.

I am not going to argue that any of these things are bad uses of money, but what I am going to argue is, they are not emergencies, most of them are ongoing problems. We are spending \$1.7 trillion in the Federal budget this year. Any one of these things could have been funded had the President chosen to make them a priority. But back when he submitted his budget, they were not even a priority, they did not exist as a priority. Today they are an emergency. Why? Because the President wants to bust the budget and spend \$20 billion.

The first problem is the problem related to the fact that we are about to enter a new millennium. It seems that we have suddenly discovered that the year 2000 is only 2 years away—in fact, a year and 3 months away.

Does this come as a shock to anyone? And I thought I would look back at: How long have we known there was going to be a year 2000? Some might find it instructive that we started using the term "in the Year of Our Lord," AD, in the calendars in the year 525—an abbot in Rome started in the year 525 to measure dates in the modern era from the birth of Christ—"in the Year of Our Lord." It came into common usage and then was officially adopted by papal decree in the Gregorian calendar in 1582. In short, we have known for 1,470 years that the year 2000 was coming, and yet all of a sudden it is an emergency.

If we have a problem with computers about the year 2000, why did those problems not exist when the President submitted his budget? Why all of a sudden is this an emergency? Well, my point is, it is clearly not a surprise. For 1,470 years we have known the year 2000 was coming, and for at least the last decade we have known that some computers would have difficulty in making the transition. We have an administration that claims to be a high-tech, computer-literate administration. Our Vice President pled in vain for the Government to take over and create an information superhighway where the Government would run the Internet. We rejected it. And now the Internet continues to flourish as basically a private system.

But the point is, the President is asking between \$3.25 billion and \$5.4 billion as an emergency for something we have known about for 1,470 years and something he could have asked money for and did not when he submitted his budget.

The second emergency is, we are going to have to do a census in the

year 2000. That hardly comes as a surprise. The Constitution, in article I, requires that there be a census every 10 years. We have done a census every 10 years in the history of the Republic. It is hardly a surprise that we are going to do a census this year. But everybody who is familiar with it knows that this administration has consistently underfunded the census, and now they are on the verge of declaring it an emergency, when they created the emergency.

Embassy security. Everybody knows the terrible tragedy of where we had two Embassies bombed in Africa. Both of those Embassies had asked for enhanced security, and in both cases the administration had rejected it, to spend money on other things. But the important point is, the \$1.6 billion being requested will be spent over the next 10 years.

I could understand if you said, "Well, we want to begin it now, and until we can write a new budget and make it part of our budget, would you designate that as an emergency?" I could understand that. But the President is asking us to designate as emergency spending an item which we have been debating and looking at for a decade and an item which in many cases the money will not actually be spent, and the construction will not occur, for 4 or 5 or 6 years.

Then there is defense readiness. All of a sudden, this administration has discovered that we have been cutting defense spending every day that President Clinton has been in office. And these dramatic reductions in defense spending are beginning to affect retention, they are beginning to affect recruitment, they are beginning to affect modernization.

This is hardly a surprise. Many Members of the Senate, both Democrats and Republicans, have stood up and denounced these cuts in defense. But yet they have been made so that money could be spent on programs that were deemed by this administration to be of higher priority. Now that the Joint Chiefs of Staff have gone public for something they clearly must have known for years, but remained silent about because the process has become politicized, in my opinion. Now the President is saying we have an emergency in defense.

My point is, this emergency was created by an administration that would not support defense, and now they want to bust the budget to try to correct problems that they produced. My alternative is, let the President, in next year's budget, propose a permanent change in defense spending within the overall cap in spending that he agreed to last year. And I will support it. But let's not raid Social Security to try to correct a problem that, in fact, has been created by our own budget decisions.

The next emergency is Bosnia. There is an emergency because we have discovered that we have troops in Bosnia.

That sounds almost comical.

We sent troops to Bosnia in December of 1995 and they were supposed to be there until December of 1996. Then we expanded the mission in October of 1996 and they were supposed to be there until March 1997. Again in November 1996 we extended the deployment of troops to Bosnia until June 1998. Finally, in December of 1997 the President announced that troops would be deployed to Bosnia indefinitely.

Now, how can it be an emergency to fund troops in Bosnia when they have been there since 1995 and the President has told us they are going to be there indefinitely? Why didn't the President put money in his budget to pay for troops in Bosnia? You know why he didn't. He didn't because he wanted to take the money out of Social Security.

So here is where we are and this is the concern that I want to raise. The President has said—and rightly so, in my opinion—we have a big job to do next year in fixing Social Security. Don't cut taxes, don't increase spending, and let's take this surplus and fix Social Security first and then we will decide what to do if any is left. That is what he said on January 27 of 1998. Since then, the President has said less and less about spending, more and more about taxes, and now the President is saying, "Don't cut taxes with a Social Security surplus;" but, at the same time, the President is pushing \$20 billion worth of new spending. The tax cut passed in the House would cost \$6.6 billion; the President is talking about increasing spending by \$20 billion.

Now, my point is a very simple point. If it hurts our ability to save Social Security to cut taxes by \$6.6 billion, and that is wrong, how can it be the right thing to do to increase spending by \$20 billion—more than three times as much?

The bargain I would like to strike so that I and others could support the President on a bipartisan basis: we won't do our tax cut, you don't do your spending. Let's just say no. Then next year, let's fix Social Security. I believe we will have money left for a substantial tax cut next year, but let's not start a spending spree this year that would endanger our ability to save Social Security next year.

Now, I know that as people get ready to go home it is always hard to not say yes to every spending interest in the country. But I believe the President took the right position in January. He has changed that position now.

My proposal is straightforward and simple: Don't cut taxes this year and don't increase spending this year. Save the \$6.6 billion that we would have used on tax cuts for Social Security next year; save the \$20 billion or as much of it that we can that we would have spent this year for Social Security next year. And once we have fixed Social Security, then let's look at cutting taxes for the American people.

That is the challenge. We are going to see this debate in the next few weeks. I intend to be here saying no on

spending—not because I don't want to build up defense. I voted against many of the defense cuts of the last 5 years. But nobody can say that this is an emergency when we created it and the President created it through his budget problems or policy. Nobody can say it is a shock that the year 2000 is coming and the President didn't know about it when he sent us his budget in January. Nobody can say they didn't know we were going to do a census. Nobody can say they didn't know we were going to be in Bosnia. These are not emergencies as the law was intended to apply to emergencies.

I urge my colleagues to stand up for the President's position and call on the President to do it. The President said on January 27th, don't cut taxes and don't increase spending. I say yes, don't cut taxes, don't increase spending.

The only problem is the President continues to say don't cut taxes, but the President is the driving force behind an effort to increase spending by \$20 billion this year. And that spending, every penny of it, will come out of Social Security, and it will diminish our ability to rebuild the financial foundations of Social Security. I say no.

I yield the floor.

The PRESIDING OFFICER (Mr. BURNS). The Senator from South Dakota is recognized.

PRIVILEGE OF THE FLOOR

Mr. JOHNSON. Mr. President, I ask unanimous consent that Susan Hansen of my staff have floor privileges during my remarks.

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

BUDGET SURPLUS

Mr. JOHNSON. Mr. President, we have reached an extraordinary point in our Nation's contemporary history with the finding of the Office of Management and Budget that we will, in fact, at the end of this fiscal year, be running a significant budget surplus.

I think there are a great number of causes for that, a great number of people who could be commended for that, but I think to put this in some perspective, it is worthwhile to note that some 6 years ago when President Clinton took office, the annual deficit each year by the U.S. Government was running in the range of \$292 billion each year. We were spending \$292 billion more revenue than we had coming in. The size of the Federal deficit had exploded through the 1980s, and we had reached, finally, this terrible point in 1992.

Since that time, we have had 6 years of successive declines in the Federal budget deficit until, finally, this year for the first time in 30 years we are now at least in a unified budget in surplus.

What an extraordinary accomplishment. At a time when other nations' economies are suffering, this country