

Can you imagine in the time when we are trying to knock down trade barriers with other countries around the world to have greater access to markets, to help export our products, especially in agriculture, that we, here in our own country, would put up trade barriers between portions of the country?

Clearly, the writing is on the wall. As far as dairy policy is concerned, we're at a pivotal juncture. We must either decide to support a national system or regionalize. A national patchwork of compacts would render the Federal Milk Marketing Order reforms meaningless. It would essentially kill any hope for real federal reform. Interstate commerce in the milk industry would be a confusing maze.

To extend the Compact ignores the mandate of the 1996 FAIR Act itself. Further, attempts to accomplish this regional protectionism through an annual appropriations bill is also particularly offensive.

Certainly, it is difficult to have the courage to bypass a quick-fix in favor of a long-range view. But that's where real leadership comes into play. Let's be advocates for the traditional dairy farmers, not just the mega-dairies, and maintain the integrity of the legislative process by standing up to policy making behind closed doors.

An extension of the Northeast Dairy Compact does not belong in important Agriculture Appropriations legislation.

What is required next is a complete overhaul of this antiquated and just plain unfair dairy policy.

Again, established back in the 1930s, it has long outlived its usefulness. It is counterproductive, anti-American and unfair. Let's give all dairy farmers in all areas of the country the ability to compete on a level playing field.

I close with a quote from the Chicago Tribune. The quote says:

More compacts [like the Northeast Interstate Dairy Compact] will only mean higher milk prices for even more consumers and more lost market opportunities for the Midwest. . . . How could Washington approve this throw back to Depression-era economics when other farm subsidies . . . are being phased out? Back-room deals and pork barrel politics, that's how [it is done.]

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### TAX CUTS AND THE GOOD GOVERNMENT AMENDMENT MUST PASS

Mr. GRAMS. Mr. President, just briefly, today, as you know, marks the end of the fiscal year for Washington, the fiscal year of 1998; tomorrow will be the first day of fiscal year 1999. This

turn of the calendar, like any new year, is an appropriate time to review the accomplishments of the previous year and also to set goals for the next year.

What a year it has been. Last year, we passed significant tax relief—including a \$500 per-child tax credit that will soon take effect. In addition, for the first time since 1969, we passed and abided by a balanced budget. It has not been easy. It has not gone without temptations. There have been spirited attempts to spend taxpayer dollars and drag us into an even larger deficit, blowing one spending cap at a time. This remains a difficult task even today—Congress is pushing to complete legislative work on all 13 appropriations bills by this time. But to date, the President has signed only one into law, and only two others are on their way to him. The reason for the delay is that by habit, Washington loosely interchanges the act of deciding how much to spend with that of “spending much.”

To my dismay, many colleagues and the President's Administration have used this end of the fiscal year and the near end of the Congressional session to push for their election-year political agendas. The result? Again is political blackmail: if you do not give me this, I will shut the government down and blame you for being heartless and ineffective. This delay has also put off important consideration of overdue tax relief for hard-working American families. In fact, the entire tax bill recently passed by the other legislative body is now in jeopardy because Washington cannot decide on how best to spend taxpayers' money for political agendas.

Now, let me be clear on my position. A tax cut is not spending. Only in Washington's bookkeeping do we consider a cut in revenue to be spending.

Mr. President, are we going to allow another Government shutdown—a situation where everybody loses? I certainly hope we don't. In the past few months, I have asked both the Senate majority leader and the Senate minority leader several times to honor the commitment they made during the consideration of last year's disaster relief legislation to support a bill I introduced called the “Good Government Amendment,” which would create an automatic continuing resolution to avoid a Government shutdown. But so far, it has been to no avail.

We do have a system that allows the Government to operate through October 9. But what happens if that agreement, that continuing resolution allowing the spending to go on, is not extended and the threat of a shutdown could cost the taxpayers billions more in new spending in order to close this year?

With the end of the fiscal year upon us and just a few days left in this session, don't you think we need a contingency plan, some mechanism to avoid the end-of-session battles that often result in more Government spending?

There are essential functions and services of the Federal Government we must continue, regardless of our differences in budget priorities. Our constituents deserve assurances that the Federal services they expect will not be bogged down by politics. They should also expect that Washington is trying to find ways to spend their money wisely and not wastefully. The rest should be returned in the form of tax relief.

Mr. President, despite a shrinking Federal deficit, total taxation is at an all-time high. The tax relief Congress enacted last year doesn't go nearly far enough; it returns to the taxpayers only one cent for every dollar they send to Washington. By the way, taxes on the average American family are at the highest level in history—even higher than during World War II. The average family will pay about 40 percent of everything they make in taxes to Federal, State and local governments.

I urge my colleagues to review CBO's August Economic and Budget Outlook, which shows precisely where revenues will come from in the next ten years. The data indicates that the greatest share of the projected budget surplus comes directly from income taxes paid by the taxpayers, not through the FICA taxes, or Social Security.

In 1998, individual income, corporate, and estate taxes consist of 80 percent of total tax revenue growth, while the share of FICA tax is about 20 percent of that growth. General tax revenues are expected to grow by \$723 billion, or 60 percent, over the next 10 years.

What I am saying is that the taxpayers generated the surplus, outside of the money earmarked for Social Security, and we ought to return at least a portion of it to them. If we don't return at least some of the surplus to the taxpayers—and soon—Washington will spend it all, leaving nothing for tax relief or the vitally important task of preserving Social Security. Such spending will only enlarge the Government, and if we enlarge the Government today, it will make it even more expensive to support in the future.

The tax relief proposal now making its way through Congress will help farmers and small business owners to pass their legacies to their children. It would reduce self-employed medical costs, and it would correct the injustice of the marriage penalty tax.

My problem with this proposal, however, is that it just doesn't go far enough. I think most Americans, if given the facts, would agree, looking at their own pocketbooks and their own tax statements, that tax cuts are needed.

Mr. President, some in the Senate juxtapose tax relief with Social Security reform. They suggest to the American people that they are mutually exclusive choices. They say you can't have one with the other. If you have tax cuts, we are not going to save for Social Security and protect it; or if we protect Social Security, we can't have

tax relief. That is not true. That is not the case. To be sure, Washington has been guilty of mishandling the Social Security system.

Since 1983, Washington has raided more than \$700 billion from the trust funds for non-Social Security programs, and Congress voted for the spending. In the next 5 years, the Federal Government will raid another \$600 billion from the Social Security trust funds, as well.

Now I hear some who come to the floor and say they won't vote to use Social Security trust funds to give tax relief. I ask, why their change of heart today? They voted for most, if not all, of the spending bills in the last 15 years which have used Social Security to make up the difference of revenues versus outlays. In other words, they are willing to take Social Security surpluses and put it into higher Federal spending, but they are not willing to take excess income revenues and put it into tax relief for average Americans.

I just note that no one raised the issue of saving Social Security when those spending initiatives were on the table. No one juxtaposed spending with Social Security. That was because Washington was spending other people's money. But once the tables are turned and the Senate is asked to pass tax relief for America's hard-working taxpayers—meaning that Washington gets a little less—suddenly, we face gridlock and are in a quandary.

Again, Washington says it just can't afford to let Americans have some of their money back; Washington needs it to satisfy its spending appetite. I always ask Americans, "Did Washington ever call you and ask how are you going to get by with less money if we raise your taxes? How are you going to continue to provide for your families?" And they say, "No, they never call and ask that." They just pass it and take it. So American families have to then learn how to do more with less, or get by without.

Mr. President, despite the rhetoric of saving Social Security, few have come up with a concrete plan to actually save it. The problem is that, by law, the Social Security surplus has to be put into Treasury securities. That means Washington can legally use the money to fund its non-Social Security pet programs. They take the money out of the trust fund, put it into the General Treasury, and then spend it. Ask anybody how are they going to take any money out of the Social Security trust funds? How are they going to redeem any of those notes or Treasury bills in the trust fund? They are going to have to go to the American people and ask for more money in taxes in order to retire the debts.

In other words, the money Americans have already saved for their retirement future has been spent by the Government, and the Government is now going to come back to you and say you have to pay again in order to satisfy the needs. So these assets are essen-

tially nothing more than Treasury IOUs, redeemable only by cutting spending, raising taxes, or borrowing from the public. Unless we change the law, Washington will continue to use Social Security until it goes broke.

Mr. President, I am going to introduce legislation next week that will help shift retirement decisions back to those who know retirees' needs the best, and that is the retirees themselves.

On the last day of the fiscal year, we can be proud of the Balanced Budget Act that Congress enacted and upheld over the course of the past year. But we must also be prepared for the upcoming year, as well. A Government shutdown is looming again—a testament to politics in an election year more than sound debate over budget policy. I truly hope that this political chicanery does not make tax relief, and ultimately the hard-working American taxpayers, the losers in this inside-the-beltway game of politics.

I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I thank my colleague, Senator GRAMS, for dealing with an issue that this Senate has to deal with, and in a very short time. Somehow there is this belief here in Washington that you can save Social Security, but you can't give tax relief. Well, I, like Senator GRAMS, believe we must and can do both, not only to keep the economy moving and growing, but also to recognize the importance that we have a surplus, thanks to our diligence over the last decade, and now we can use it to strengthen and reform Social Security, and we probably have the opportunity of a generation to do that. I hope that the Congress can and will do both.

Mr. GRAMS. I thank the Senator.

Mr. CRAIG. Mr. President, I ask unanimous consent to speak as in morning business for no more than 10 minutes.

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

(The remarks of Mr. CRAIG pertaining to the introduction of S. 2533 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. CRAIG. With those considerations and the bill introduced, I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

#### UNANIMOUS CONSENT AGREEMENT—CONFERENCE REPORT ON H.R. 3616

Mr. THURMOND. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate now proceed to the consideration of the conference report to accompany H.R. 3616, the Department of Defense authorization bill. I further ask unanimous consent that

following any debate today in relation to the conference report, the conference report be temporarily set aside.

I further ask that at 9 a.m. on Thursday, the Senate resume consideration of the conference report and there be an additional 3 hours for debate divided as follows: 1 hour equally divided between the majority and minority managers, 1½ hours under the control of Senator FORD, 30 minutes under the control of Senator THOMPSON.

I further ask unanimous consent that at 12 noon on Thursday the Senate proceed to a vote on adoption of the conference report with no intervening action or debate.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

#### STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999—CONFERENCE REPORT

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3616) have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of September 22, 1998.)

Mr. THURMOND. Mr. President, as the Senate takes up the conference report on the national defense authorization bill, it brings to an end a process that began in February with the introduction of the President's defense budget by Secretary Cohen. During the intervening months, the committee conducted more than 50 hearings which identified the declining readiness status of our military. In response, the committee formulated a bill that addressed these issues and garnered the support of both the civilian and military leadership of the Department of Defense.

The committee completed the markup of the defense bill in mid-May. However, due to the intervening debate on the tobacco bill, the Senate took more than four weeks to complete action on the bill. Although the floor debate was protracted, I want to thank my colleagues for their overwhelming 88 to 4 vote in favor of the bill, and for their contributions during the floor debate.

The Senate's strong support of the bill was a key factor during the difficult conference with the House. When we began the conference to resolve the differences between the House and Senate bills, we faced a veto threat on four provisions. I am pleased to report that we were able to mitigate each of these objections. At this point, I am not aware of any remaining veto issues, and expect that the President will sign this bill.