

I think that a State, whether it be Tennessee, Oregon, Washington, or California, that attempts to address this and comes to the point which Tennessee has in saying we feel that we have a possible solution, should be encouraged to develop that solution and should be given an opportunity, given the latitude within which to do it.

I hope my colleagues will join with me in urging a waiver, which will be requested by my State, be granted.

Madam President, I note no other Senator seeking recognition and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. BOXER). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DORGAN. Madam President, I ask unanimous consent that I be allowed to speak for 10 minutes as in morning business.

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

THE RECONCILIATION BILL

Mr. DORGAN. Madam President, in recent days, we have been grappling with the question of how to construct a reconciliation bill that cuts spending and raises revenue in order to reduce the crippling Federal budget deficit that is mortgaging this country's future.

It has been kind of interesting. The reconciliation bill passed the House by a very narrow margin. In the Senate, it is like watching 100 cooks trying to stew up a batch of chili; everybody is putting in their piece of the menu. Nobody knows what it will taste like in the end.

In the end, somehow, a week from tomorrow, we have to come up with a reconciliation bill that moves this process forward. If we do not, we will be doing what we have done for the last dozen years: Spend money now and charge it to the grandchildren.

We have to stop doing it. The President said, "Let us stop it and chart a new course and a new direction." He is right. Some in this Chamber say let us just do nothing, keep doing what we have been doing and ignore reality; pull our hats over our heads and pretend the deficit does not exist.

We have a President who wants to lead. Some of his proposals have been very controversial. Some we have had to change. But the direction he recommends is the right direction—cutting Federal spending, increasing appropriate revenues, and reducing this crippling budget deficit. We will not solve this country's vexing economic problems unless we get a handle on this Federal deficit.

Some say it really cannot be done because the kinds of proposals that are necessary are almost too draconian;

they upset too many people. There are too many special interests that will fight virtually every proposal.

In this process, during this period, I am sending to the leadership my notions of how we can make deeper spending cuts than the President has recommended, deeper spending cuts than the House of Representatives has proposed, and increase some revenues above what has been proposed, do it in a different way, and actually reduce the deficit by a much more significant total than has been proposed as well.

I want to describe what I propose. Some people might say it is a wonderful idea. Others will say it is crazy. But the fact is that we have to start taking a look at a whole range of items to find out what we can develop a consensus on. Let me run through some items to demonstrate where we can save money and how we can reduce this Federal budget deficit.

Eliminate the super collider. If we keep funding the super collider, which is a financial smorgasbord for physicists down in Waxahachie, TX, we are spending money we do not have on something we do not need. We can save \$4 billion by eliminating the super collider. We ought to kill it dead right now.

Eliminate the space station program. It sucks money away from all of the other space programs that are important. It cannot do what it was originally proposed to do. It is going to cost much, much more than we thought, and it will not meet its objectives. Since that program cannot do what was advertised, and is sucking needed money away from so many other important space programs at NASA, is it not time to say let us dump it and save \$11 billion?

Star Wars. SDI. The cold war is over. The Warsaw Pact is gone; it does not exist. There is no Soviet Union. But do you know what keeps marching right along? Weapons programs like Star Wars. To protect us from what?

Let us dump star wars. Let us kill it, dead, and save \$23 billion in 5 years.

We spend about \$270 to \$300 billion in the Federal Government on overhead, on indirect expenditures.

I say we should cut that by 10 percent. If a business is in trouble, what is the first thing a business does? Cut its overhead and defer capital expenditures. When the Government takes a look at its overhead, what it spent last year, it usually adds a few percent that it can spend next year. I say the Government ought to cut indirect spending, cut its overhead.

I worked 18 months along with the person now sitting in the chair on a project on Government waste. We proposed a 10-percent cut in overhead that will save nearly \$30 billion a year. Let me be much more modest today and say let us just enforce a 2-percent cut across the board on all indirect spending: all overhead, all bureaucracy in the Federal Government. I am talking about the legislative branch, Members'

offices, the executive branch, the judicial branch, 2 percent. We would save at least \$15 billion. We can save much more, and I hope we will, but \$15 billion with a very modest cut.

On the D-5 Trident II submarine missile program, we already have built plenty of them. Shut the line down and save \$4.4 billion.

Close the provider tax loopholes in the Medicare Program. That is the loophole that allows States to such money out of the Medicaid system by levying a false or phony provider tax and then reimbursing the providers. Let us stop this scam, stop the scam, and say to the State governments: "You cannot do it anymore; you do not get the money." We would save \$5 billion.

Let us ask our allies to pay host nation defense support for air bases overseas. Just ask them to pay at the level we had finally negotiated with Japan. If we did that, we would save \$9.5 billion.

Medicare premium adjustment for the wealthiest on Medicare. That is all I suggest for Medicare. We are going to spend \$996 billion on Medicare over the next 5 years, almost \$1 trillion—\$4 billion short of \$1 trillion. This would cut eight-tenths of 1 percent out of it, and it would come from people whose incomes are over \$100,000 a year. And we have groups running around this town saying, "This is going to kill this program; this is awful." What a bunch of nonsense. It is a very modest proposal, and we would still spend nearly \$1 trillion on Medicare in 5 years.

This next one is a proposal I offered on the floor a couple weeks ago. Let us freeze the building of new Federal buildings for 2 years and save \$1 billion. We are going to cut 100,000 people from the Federal work force, and yet this unrelenting engine to build more and more extravagant Federal buildings keeps humming along. It is time to take a break for a couple years and have a moratorium on the building of new Federal buildings and save \$1 billion. That is not a very ambitious program.

That makes \$81 billion in additional spending cuts added to what the President proposes.

Some say they do not like any taxes, and I understand that. But let me give you an example of what we could do to raise some tax money.

In the President's budget, he proposes a change in the alternative minimum tax. I am telling you there are not two people in this room, there are not two people around here who understand the mechanics, the detailed mechanics of AMT. But about \$5 billion of this proposal will enable the richest companies in this country to not pay taxes again. The 1986 Tax Act turned them into taxpayers for a change. This new proposal bestows upon them enormous benefits, billions of dollars in tax breaks they do not deserve. Dump it and save \$5 billion on the tax side.

Seventy-two percent of foreign corporations doing business in this country pay no taxes. I am not talking about low taxes. I am saying 72 percent of foreign corporations doing business in America pay zero, no income taxes because we have a system that is sort of like the horse-and-buggy days. It is called trying to appease with arm's length approaches. It does not work. We need a new formula for apportioning the income of multinational companies here for a tax base, and even using a modest estimate of gains we will pick up \$25 billion in revenue in 5 years.

We have a provision in our tax law that says to a company if you are manufacturing in Bismarck, ND, or San Francisco, CA, we will give you a deal. If you take that old manufacturing plant you have, if you padlock the doors, fire the employees, and move the doggone thing overseas, put it in a foreign country, we will then give you a tax break. This is called deferral. Move your company overseas and we will give you a tax break.

I have introduced legislation in the Senate that says let us shut that down. We have problems enough getting new jobs in this country without paying companies to move their factories overseas. Scrape this provision and save \$1.3 billion. That is a tax increase. We are not giving a tax incentive for people moving overseas. That is a tax increase. Most persons would say, "Yes, go ahead and enact it, Congress. That makes a lot of sense."

The Mr. President, says let us increase the earned income tax credit by \$28 billion. I say out that in half, to \$14 billion. I support that program, and that is still nearly a 20-percent increase. If that is not enough, I do not know what is enough. We would save \$14 billion.

And as to the energy tax, I do not like an energy tax, but I have proposed that either using an oil import fee, or a modest gasoline tax in the area of 3 cents a gallon or some combination of both, we raise about \$15 billion.

The President proposed increasing the corporate tax rate from 34 to 36 percent and that got modified over in the House, to 35 percent. I say the President was right in the first place. Make it 36 percent. That is \$16 billion with a modest 36 percent corporate tax rate.

End the foreign tax credit loophole on royalty income that the President proposed. If we dump this as well, we put in \$3 billion.

That is a menu of some increases on the tax side that are not going to injure this country. They are modest. They are reasonable. People can change them. I do not have a copyright on them. I mean, I do not have all the good ideas but I think these are reasonable approaches.

If we took these steps, if we completed these steps, we would talk about \$79.3 billion in additional revenue. So

the sum of just that list is \$79.3 billion in additional revenue.

I mentioned the \$81 billion in additional spending cuts. As you know, the Btu tax is gone, scrapped, dead. If you add it all up, if you take the Btu tax out—which is gone—increase the revenues as I suggest, cut additional spending as I suggest, you come up with \$89 billion more in deficit reduction than the \$500 billion the President is proposing.

Those who say that by next week at this time we cannot solve this problem are just not looking at the practical approaches we can use to deal with this country's budget deficit. And some say, well, do not touch this, do not touch that. If you mention the Btu tax, or the gas tax, or the oil import fee, or Medicare, you are going to make this group furious or that group furious. If we are not willing to risk our jobs around here to fix the problems we do not deserve to be here. If these proposals make people angry, tough luck. If we are not prepared to fix this country's Federal deficit, this country is not going to have the economic future I want. I do not have any great interest in continuing to serve in a body that continues to rack up deficits and cripple our future.

So the question for all of us in the coming weeks is, are we going to put aside all of this nonsense that we have been discussing and start really focusing in right at the bull's-eye? Are we going to look at the target and the center and say what is wrong in this country and understand what is wrong? We are spending 24 percent of the GNP in the Federal budget and raising 19 percent in revenue and charging 5 percent of the gross national product to our kids and grandkids. We are ruining their economic future, instead of assuming responsibility for it. And that's wrong.

My friends on that side of the aisle say, "Well, you're blaming Reagan and Bush."

No, I blame everybody. Our responsibility, in both the House and the Senate for the last dozen years, was that we followed a fiscal policy that was dangerous, irresponsible, and reckless.

It was based on the Laffer curve. Some economist named Laffer says if you can just lower taxes, somehow the Government will get more money; double defense spending and the money to pay for it will magically appear. The fact is defense spending was doubled, tax rates were lowered, and the resulting problem was charged to the kids. The debt has injured this country irreparably, and it is now our job to decide that we are going to fix it.

This President has taken about as heavy a hit as any politician I have ever seen in the last month or so. He has made some mistakes. He is probably the first to admit that. I would not suggest that a Republican President is all right or all wrong, nor would I suggest that of a Democratic President.

But I will say this: Every person in this room has a stake in this President's success. If success means confronting our problems and fixing what is wrong in this country so that we can raise kids who can look to the future with some opportunity and some hope again, then it is in our interest to join with this President, and say that what we have done for 12 years has been wrong, what we have done for a long time has been wrong, and we have to fix it.

I consider myself more of a Jeffersonian Democrat. I am not one of those who believe that for every national problem we can put a coin in the vending machine and get out a national public program and fix it and move on to the next program even before we look at whether the first program works. I do not believe in that.

I believe in empowerment across this country. I believe in the American people speaking through their political system to make this place work on their behalf and in their interest.

If you go to any town meeting, I venture to say, anywhere in this country, and ask people what is the problem, what is the trouble, almost all of them will tell you, in a sort of confessional way, that deep in their hearts, deep in their guts, they feel a sense of despair that we are not winning in this country; we are losing. Our jobs are moving away. Their kids confront a job market, even when they are well-educated, that does not offer them tremendous opportunities. Too many qualified, good people—ambitious, willing to work—find that the job market does not provide jobs for them.

There is a sort of despair out there. People wonder how can we begin to produce and compete, how can we fix what is wrong in this country so that we can develop jobs, so that our plants are not moving out of the country, so that we are buying American goods and not foreign goods.

And they also understand that central to that question is the question of whether we can get our economic house in order. Because this Federal deficit affects every single American; every single business and every single citizen is affected by this deficit.

(Mr. AKAKA assumed the chair.)

Mr. DORGAN. It is our job, every one of us. We were elected to fix these kinds of problems. And ranking at the top in this country is the problem of the crippling Federal budget deficit.

Even as I say that, Mr. President, I understand people out in this country are hurting. People need help. There are people today who cannot eat because they do not have money; people who cannot work because they do not have jobs. We have a million babies that will be born in this country without fathers; 700,000, in their lifetimes, will never even know who their fathers are. Ten million people do not have work; 25 million people are on food stamps; 40 million people are without health insurance.

I am not unmindful of the tremendous needs we have in this country. It is our responsibility to address those needs as well.

But the needs of every American, rich and poor, are tied up in the question of whether we will fix what is wrong in this economy. And what is wrong in this economy is we are spending our kids' money today, in many cases on things we do not need, and we must stop it.

In the next 8 or 9 days, we have a chance to decide that we will join this President in changing the economic direction of this country.

Is he right on every point? No, not necessarily. Are we going to change some of his plan? You bet.

But should we join him in deciding what we need is economic change? Of course, we should, and we must, if we are going to have an economic future.

Mrs. BOXER. As the Senator from North Dakota knows, I was in the chair during most of his presentation, and I listened carefully to him. I just want to tell him what a breath of fresh air he brings to this Chamber. He has, in a very productive fashion laid out what the problems are that face us in this Nation, that face our families and our children, and he is doing it in a way that really helps us rather than hinders us.

He is calling on us to work together, all of us in our own party and in the Republican Party, as well, with our President. We only have one President. And he is taking it on the chin. I have never seen anything quite like it.

As the Senator has pointed out, of course, each and every one of us can come up with our own solution. As a matter of fact I like about 99 percent of the solutions that the Senator has put forward. I hope we can take a lead from what he has put before the Senate today.

But this President deserves a tremendous amount of credit for changing the dialog.

We had Presidents for the past 12 years who really led us down the wrong path. It was the path of deficits. It was the path of noncompetitiveness. It was the path of leaving to our children the problems that we need to face today. It was a path of growing deficits that are eating away at the heart of our economy. And so he deserves a tremendous amount of credit.

Let me tell you, when you finally choose to face up to these problems and do something about them, they are all hurtful solutions. And the Senator is right when he says we are going to make people angry. Of course, we are going to make people angry, because we stand for change. We do not like the status quo. We are angry about it. We do not want to see government waste and inefficiency, and we do not want to see these deficits continue to grow out of sight.

And, sure, you are going to make people mad. No one likes to raise reve-

nues and no one likes to cut spending. It is very difficult.

This President is leading us forward. We will change some of the things he suggests, but we must stick to the broad outline of his approach, which is to cut unneeded spending, make investments that we need to keep competitive—and make cuts in this deficit totaling at least \$500 billion over the next 5 years.

And I will say, if we do that, you will ruffle some feathers and the folks back home will get mad for a little while. But we have to have a longer span of attention around here, I say to my friend. We cannot just look at the press clips from today.

But if you are here, you should be here for a noble reason. If you are here, you should be able to take the punches and do what is right and not look at polls.

If you look at polls, you do nothing. Because for every action that you take, there is someone who is not going to like it because you are ruffling their feathers, whether it is the doctors or the insurance companies or the big oil companies. But we have to be strong and stand for change.

In conclusion, I just want to say to my friend, I was not planning on speaking. But, once again—and I have had the honor to serve with him for 10 years in the House of Representatives—he has brought us back to the central reason of why we are here. We are here to make America the best she can be. And by attacking the problems that we face and taking it on the chin when we have to, but moving toward that better place, we are doing our jobs.

I thank the Senator for his incredible contribution at this very crucial time.

I yield back the floor.

Mr. DORGAN. I thank the Senator very much.

The Senator from California obviously represents a much different region of the country than do I. She represents 31 million Americans living in California and I represent 640,000 North Dakotans living in sunny North Dakota, a wonderful group of people.

But I venture to say that those who live in North Dakota, the 640,000 North Dakotans, if we were to get them all in the same room and get a like number of Californians in the same room, they would probably conclude, after a long discussion, the same things about what is wrong with this country and how to fix it.

And these things are actually pretty simple. People want a better opportunity for themselves and their families.

Nobody wants something for nothing. I will tell you, I have met a lot of people on welfare. I have yet to meet the person that says, "You know, what I really look forward to tomorrow is doing nothing."

In almost every instance, I have met people who just make your heart bleed because they so desperately want to be productive and so much want to go out

and do things. And they find the door blocked, no opportunity, no jobs, no skills, no education, no training.

Most people in this country want the same thing. They want opportunity. And to get opportunity you have to have a country with an economy that is growing and expanding. And to have a country that is growing and expanding we have to have a fiscal policy that works.

It is not an accident, it seems to me, that virtually every industrial country in the world is now exhibiting slow growth or no growth. We are all in trouble, not just the United States, although the United States has had, I think, a more reckless fiscal policy with more deficits, but all advanced economies are in trouble. And it seems to me that one of the reasons might be the multinational corporate types who circle the globe in their private planes and look where they might be able to manufacture next, always choosing the cheapest place they can to manufacture their shoes or their suits or their television sets, someplace where they can get by with paying \$1 an hour.

So the result is that manufacturing in this world is moving, even from the major Pacific rim countries, certainly from this country and other industrial countries, to places in the world where you can get work done for a dime an hour, a quarter an hour, a dollar an hour.

I read the other evening about a woman from Indonesia. Here is a woman who works 6 days a week, 10½ hours a day making tennis shoes. At the end of the week she has earned enough money, from 6 days, 10½ hours a day, to buy one tennis shoe from the pair of tennis shoes that she makes to be sold on the American market. That is her weekly wage.

Why are the tennis shoes made in Indonesia? Cost. Where are they going to be sold? In a consumer country like ours. But if you make everything elsewhere and try to sell it here, where is the income stream; from the jobs that used to be held by Americans, with which now to purchase the products from the consumer shelf? The fact is, things have changed in a way that is not healthy for our future.

Part of that change has been exacerbated by the cost of doing business here. And part of the cost of doing business here is paying the price for a reckless fiscal policy in this country. That is what we have to change.

Let me just make one more point about Bill Clinton. This is a President for whom I campaigned. He has made some mistakes; in fact, he has made some whoppers. But who has not? I certainly have in my political career.

But I tell you why I believed in him. He campaigned on the notion of fundamental economic change in this country—fundamental economic change. We need an industrial policy to try to figure out a way to compete internationally so we can create new jobs. We need an economic policy in

which we pay our bills, a fiscal policy in which we try to match expenditures and revenues. We need a trade policy that does more than just chant "free trade," but in fact requires fair trade.

Those are goals that I think are fresh, new, interesting goals, especially after our last two Presidents. This President has proposed some things that are tough to swallow for some people. I understand that. A couple of them have been tough for me to swallow.

There is an old verse about bullfights that probably applies to most Presidents, and especially now to this President.

Bullfight critics, row by row,

Crowd the vast arena full.

But there is only one man there who knows,
And he is the one who fights the bull.

That is probably what it is like to be President these days, to be in the middle of that arena with a stadium full of critics. Ultimately we must come up with a plan. He has proposed a plan, some of which the President in the chair might have liked, and some of which he might not have liked, some of which I liked and some of which I did not like. But ultimately it is our responsibility now to decide if we are going to follow the lead of someone who wants to change the economic course in this country, who wants to cut spending in a real way.

One of my colleagues on the other side of the aisle one day stood up and said: "You know, what I am concerned about is that there is a cut in spending for new prison construction in this budget."

He was all upset—just got all upset. He was twitting and so on, criticizing President Clinton for cutting spending for new prison construction. Lord forbid. This is a person who has spent a career telling us that the problem in Government is spending and we are not cutting enough, but seizes the opportunity to stand up and say, "Aha, this President wants to cut prison construction funds," and criticizes him.

My point is all Senators in this Chamber, even those who are the warriors—at least the rhetorical warriors about cutting spending—become wallflowers when things are cut in their political agendas.

President Clinton does not take a back seat to anybody with respect to incarcerating people who commit violent crimes. But we have plenty of places to incarcerate people in this country. We are abandoning air bases. That is a good place to put minimum security prisoners, put them all out in an abandoned base someplace and free up prison cells for violent criminals. That is what the President wants to do. It makes sense.

We have people who have made a career criticizing Democrats on spending who now stand up and say, "Gee, the problem is this guy is proposing a spending cut and it happens to be in an area I like." Well, that is just tough as well. If we are going to cut spending,

we are going to have to cut spending pretty much across the board.

So I say today we have to, it seems to me, decide as a nation we want to succeed together. If we cannot figure out by now that we are a team and that we are in this together and that we all have a stake, that our kids all have a stake in the success of this effort, then we are not going to have much of a chance to succeed. But if we can try to round up some national spirit here and decide, yes, we are all willing to swallow a little bit and take some lumps and make some sacrifice, if we all believe that what we do will really make a difference in reducing this deficit, then we will, it seems to me, make a difference in our future.

Mr. President, the one thing that is interesting to me is that whenever we have an Olympics come around, we get this national team going and we put uniforms on and they are all the same color and we sit on the edge of our chairs in the evening and watch the Olympics and root for the home team, the American boys and girls. We think it is terrific. We have this burst of national pride.

I tell you what. We are in an olympics of a sort, an economic olympics. This is a big race we are talking about. This is a race for jobs and economic growth and opportunity. There are going to be winners and losers. We have not been leading the race. We did for a long time, but we have not been in recent years. The winners are going to be the countries that are able to produce most effectively the kinds of products, at the best prices, that people want to buy. That is where the jobs are going to be.

The winners are going to be those countries that can decide that their governments and businesses should not spend all their time fighting each other but that they ought to link arms because they are part of the same team. They'll decide how to go out and meet this competition from the European Community and from the Pacific rim.

If we do not find a way to develop some sort of spirit of national teamwork here—which includes a decision by the team of what our economic plan is and then an understanding that we will all change our schedules a little bit to come to the team practices and team meetings—if we do not figure out how to do that pretty soon, we simply are not going to win. At least for any kids' sake, I sure would like to win.

I grew up in a town of 350 people and each day that I walked to school I knew we were No. 1, the biggest, best, strongest, most—it did not matter. We led the world.

It is not true any more. We wake up and walk to work or walk to school and cannot say we are No. 1 in every category. There are other countries that are fierce, tough, shrewd international competitors. That competition is for jobs—and the future.

The solution to our ability to compete rests deep inside these pages, the

plans, the options for fixing what is wrong in this country's economy.

This President says let us go about the business of doing it. Let us change direction. Let us take some medicine even if it is tough to swallow because, if we take medicine now, we will feel better later. I think we would be well advised in this Chamber to understand that our obligation in the next 8 days is not to say, "No," but instead to say, "Yes, we want to work together to fix what is wrong, to create a fiscal policy that really reduces this Federal deficit and puts us back on the right track for a future of growth and hope and opportunity once again."

Mr. President, I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistance legislative clerk proceeded to call the roll.

Mr. PRYOR. 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. PRYOR. Mr. President, I ask unanimous consent that I may speak as if in morning business.

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

SMALL BUSINESS UNDER THE CLINTON PLAN

Mr. PRYOR. Mr. President, earlier today on the floor of the U.S. Senate, President Clinton's economic plan was attacked, severely attacked, by two of our good friends and colleagues from the other side of the aisle who are, for their own reasons, opponents of this plan. They proclaimed that the President's plan would hurt small business in America.

Mr. President, I would like to start by saying President Clinton, himself, is a strong believer in America's small businesses. I share that belief with our President. I think, as he does, that small business provides the backbone of our economy.

With that in mind, Mr. President, I would like to set the record straight this afternoon on the real effect of the so-called Clinton plan on small business.

I must say that my interpretation of this plan and its effect on small business is diametrically opposed to those statements uttered earlier this morning on the Senate floor by two of our colleagues.

First, Mr. President, let us talk about small business and the growing Federal budget deficit, that enormous Federal debt, that places a huge drag on the economy.

It is that same debt that crowds out private sector borrowing, loans for new businesses, and money for small business expansion. The Federal debt drives up interest rates, which in turn drives up capital costs and the cost of doing business. The trillions of dollars of Federal debt piled up in the last 12

years under Republican leadership are slowing the economy and hurting small business each and every day.

My colleagues in the Senate this morning chose not to say that President Clinton's economic plan cuts the deficit by some \$500 billion. That fact was conveniently left out of their statement. In fact, this President, President Clinton, has offered the largest deficit reduction plan in the history of America.

Mr. President, that fact was conveniently left out of the statements given this morning on the floor of the U.S. Senate. Nor do our colleagues say that the \$3 trillion of the current Federal debt is, in fact, the legacy of 12 years of Ronald Reagan and George Bush and their spending priorities.

There was another salient fact that was conveniently left out of those statements earlier given on the floor of the Senate, and that was—this is a fact—according to the Congressional Budget Office figures, in the last 12 years the Congress of the United States, during the terms of two Republican Presidents, has appropriated \$17.3 billion less than Presidents Reagan and Bush asked the Congress to appropriate.

President Clinton's plan cuts this deficit by \$500 billion. It is going to help the economy; it is going to help small business.

Mr. President, there is another chart from the Congressional Budget Office that, if I might, I would like to show at this moment. This particular chart demonstrates—the source is the Congressional Budget Office—the inherited debt of this President, President Clinton, on January 1, 1993. It also shows what that debt is going to be under his proposal, and then what is going to happen if we do nothing—if we do nothing, Mr. President, as some of our colleagues on the other side of the aisle might like us to do—and continue to ignore this problem, continue to ignore this crisis, the deficit will continue to grow and grow.

Mr. President, if the entire Clinton plan is approved—and we hope it will be—we are going to see that the deficit starts coming down. Under the Clinton plan, in 1994, we will see a significant drop in the deficit. If the Clinton budget plan is approved, Mr. President, we are going to see a continual downward movement of the Federal deficit.

Mr. President, there is something else that our colleagues failed to say in their speeches this morning. Those critics who spoke on the floor this morning on the President's plan failed to say anything about the spending cuts in our President's plan. In fact, Mr. President, one-half of the proposals in the President's budget proposal are in spending cuts. And every day, every hour, it seems, our colleagues are coming to the floor to criticize this proposal of the President, and to say there are no cuts in the President's plan.

I challenge my colleagues who spoke this morning to come forward with

their proposed cuts in spending, Mr. President. Where are those specific and real cuts that they want to make? Where are those cuts that they rail about almost hourly on the talk shows and in the media, in the press, on the radio? Where are those cuts, and why do they not come forward with those cuts and propose them, as our President has in his plans that is today before the Senate Finance Committee?

The President's plan cuts \$100 billion alone out of unneeded and wasteful Pentagon spending. I think that we can go further in some of these cuts. I look forward to joining some of my colleagues in the coming days in proposing additional cuts that I am hoping our colleagues on the other side of the aisle will recognize and give us credit for.

Mr. President, we talk an awful lot in this Chamber about taxes. Our colleagues this morning, in talking about what this proposal was going to do and how it was going to impact small business, talked about the new tax burdens on small business as proposed by President Clinton. Mr. President, the President's plan actually reduces—reduces—the overall tax burden on lower income Americans and increases taxes on the wealthy. The critics this morning failed to point out that 75 percent of the tax hikes in the President's proposals fall on the wealthiest 6 percent of Americans. Our President finally want the wealthy to pay their fair share. The wealthy people of President have benefited for 12 years of tax breaks, while the tax burden on the backs of the middle class has gone up.

This morning's speeches also failed to mention the tax incentives in the President's economic plan which are specifically designed to help small business. President Clinton's plan gives investors, for example, a generous targeted capital gains exclusion for certain small-business stock. This 50-percent exclusion from capital gains taxation for investments in new ventures, small business, and specialized small-business investment companies will encourage investments in these enterprises. As a result, billions of dollars in capital is going to flow to small businesses, many of which have difficulty attracting equity financing in today's environment.

Our President's plan also does something else for small business. It allows small businesses to immediately expense \$25,000 in depreciable assets, well above the current \$10,000 limit. Allowing small businesses to deduct up to \$25,000 for purchasing capital assets, we think, will provide a strong incentive for small businesses to increase their investments and their productivity, which will promote long-term economic growth and increase the demand for productive assets.

The list of incentives directed at small business in President's Clinton's plan does not just stop there; it goes further. This plan provides special tax incentives to locate and invest in

empowerment zones. It also helps small business men and women who work in the real estate industry by modifying the passive loss rules for certain real estate transactions. It extends the 25-percent deduction for self-employed individuals. It simplifies the rules for filing estimated taxes for small businesses operating as sole proprietorships, partnerships, and S corporations.

Mr. President, this is not to say that our President's plan is painless. There is no painless way to get out of this predicament that our country is in today. We are all going to have to pay for it, and we are all going to have to face the fact that there will be pain if we are to right our economic course. But under the President's plan, everyone helps reduce our Nation's deficit and our national debt. We believe the burdens must be fair, and they must be progressive.

This is exactly what is included in the President's economic plan. I submit that, from time to time, we think it is going to be necessary to straighten out the record, to correct the record, and to also emphasize what this plan is really all about.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I ask unanimous consent that I may proceed for 5 minutes as if in morning business to respond to the distinguished Senator from Arkansas.

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

THE CLINTON ECONOMIC PLAN

Mr. COCHRAN. Mr. President, I first of all commend my good friend from Arkansas for his willingness to defend the President's initiatives that he has proposed to deal with the problems of the deficit and the economy.

I do feel, though, constrained to respond to this extent: While I was not a part of the discussion this morning, as the Senate convened, on the subject of the Clinton economic plan, I was prepared to discuss the options that are being presented by Republican Senators working in concert with some on the other side of the aisle to develop approaches that are different from the Clinton approach.

I am constrained to point out, for example, that the distinguished Senator from Missouri, Senator DANFORTH, has been working with Senator BOREN, from Oklahoma, on an alternative plan. I understand that plan may include some suggested tax increases as well as other spending cuts, but the emphasis shifts from depending so much on tax increases to trying to do more on the spending reduction side of the balance sheet. I think more Republicans would prefer spending cuts that are different and produce deficit savings than relying so much on new taxes.

Another alternative, for example, is being worked on by Senator DOMENICI,

of New Mexico, on our side of the aisle working with Senator NUNN, of Georgia. Their idea is to zero in on the part of the budget that is growing the fastest and that is the most out of control, the entitlement programs, specifically those programs that are growing at 15, 20, 25 percent each year, to try to get a better degree of control over the growth of those programs.

I think it is the kind of approach that is really going to pay dividends in terms of deficit reduction rather than just a lot of new taxes.

Another and third alternative that I am aware of that has been developed is by Senator ROTH, of Delaware, on our side of the aisle. His bill is sponsored by Senator LOTT, of Mississippi, my State colleague. Their idea is to try to generate more growth in the economy through incentives for expansion. Job-creating activity that will flow from that would bring in more revenues to the Government and would help reduce the deficit in that way.

So there are alternatives, and that is the point. And Republican Senators are not just criticizing the President's plan.

My friend from Arkansas, I know, would agree with me that it is much more advantageous to this process if we would try to work together to try to solve the problems of this country, and this Senator, for example, does not believe that the way to go about this is just in a partisan warfare where you have Republicans criticizing Democrats because they are Democrats, but, rather, trying to find the best alternatives and then try to get that enacted and to move the country forward, to move our economy forward.

But I do sense a new tone at the White House from President Clinton himself in talking about the fact that we are now seeing jobs being created in this economy and, although he tends to suggest that the reason we are seeing this improvement is because of the deficit reduction package he has proposed, I do not think that is right. Nonetheless, there is this realization that the economy is moving ahead, we are in a growing economy. It is not growing as fast. Not enough jobs are being created. But there is progress being made, and that is a recognition that we had not heard before.

So I am glad to see that recognition. I think if we could be more on the level with what the real facts are in the economy and what the real options are out there, we may come closer to working out a growth plan for the economy that will really do some good. But we do have, in spite of all the criticism of our economy and the problem with the deficit, the strongest economy in the world. Americans are the most productive workers in the world. Our agriculture sector outproduces other countries. They are not even close. We are technologically the most advanced country in the world, and we translate that technology advantage into economic advantage. Eastern European

countries are changing their system to be more like ours, because we are so productive and so efficient.

The whole point of this is not to come in and enact some changes and taxes that would undermine the strength of our economy. The criticism that I have of the President's plan is depending so much on tax increases to try to improve our economy, to reduce the deficit, for whatever purpose, to make the Government bigger. That may be one of the real reasons behind some of the tax increases, to bring more money into the Government so they can have a bigger say-so and more power in our country. I do not think that is a good motivation.

But for whatever the motivation is, the fact is the bill that passed the House and is now being considered by the Finance Committee contains \$6 of tax increases for every \$1 of spending cuts that are being considered by Congress. The President's plan over a 4- or 5-year period is an effort to reduce the deficit, but in this first year the only deficit reduction that takes place is in the defense budget where spending is cut considerably—considerably—more than it was anticipated to be cut in the previous administration.

I do not want to prolong the argument. I think it was appropriate to point this out. I appreciate my good friend's not objecting and permitting me to have this time to respond, to point out the alternatives that are being proposed and will be before the Senate for debate.

Republicans are involved in a positive and constructive way to develop other options, not just to criticize the President but to say there may be better ways of doing the job.

I thank the distinguished Senator.

The PRESIDING OFFICER (Mr. KOHL). The Chair recognizes the Senator from Arkansas [Mr. PRYOR].

Mr. PRYOR. Mr. President, my very dear friend from Mississippi, Senator COCHRAN, brought out two or three, I think, salient points. I would like to address myself to them for just a very few moments.

First, I was not going to respond until my friend mentioned the fact that the House bill that was passed 2 weeks ago today, I believe, by the House of Representatives and sent to this body contained \$6, I believe he says, in taxes to every \$1 in spending cuts.

Mr. President, what my friend must also tell us is that these are the only areas of jurisdiction addressed in the reconciliation process. This bill is only one part of the President's plan.

As my friend from the State of Mississippi knows, and he is a distinguished member of the Appropriations Committee, we are going to get to some real spending cuts in this bill, and more spending cuts in the appropriations process, some real spending cuts that the Senator from Mississippi is going to appreciate, and that I am going to vote for. I am hoping that

those on the other side are going to vote for some of these spending cuts.

I know appropriators do not like this. They say it is not very scientific. They say it is too simple. But I am going to support an across-the-board spending cut, a certain percentage across the board. I hope my colleague and some of the other colleagues will support this effort.

I am going to support doing away with some of these projects that I do not think are justified right now, as we must deal with the national debt and the deficit. I am going to ultimately support a lot of spending cuts that the American people are going to support and that they will say, yes, the Congress has done something on taxes but they have done more on spending cuts. I believe that is what they are saying to us to do today.

I believe that is what the Senator from Mississippi is talking about, and I would only urge my colleague and friend from Mississippi and my other friends across the aisle not just to talk in generalities but to offer assistance and help to this President and offer to form, in a bipartisan nature, as we should, our efforts and ultimate goals. I would just encourage my friend from Mississippi to produce a plan. Just say: OK. Here is what we are willing to cut. Here is what we are really willing to raise in new revenues. Let us just see that plan. Let us put it out here. Let the American people see it, because our President has a plan and it is controversial and it is painful.

But speaking of pain, let me, if I might, bring out a Congressional Budget Office chart. Mr. President, I'm sorry, but I do not have a fancy-colored chart over here like some others I've seen lately.

Mr. President, I would like to show this chart to my colleagues in the Senate. This chart shows the tax fairness situation by the year 1998, under President Clinton's proposal.

Basically what this chart shows—it was issued in May of this year, just 2 or 3 weeks ago—is that those making over \$200,000 are going to see their taxes having been dramatically increased. Those making over \$200,000 pay almost all of the new taxes in the Clinton plan.

Now the reason for that is simple. Because, for the last 12 years, we have seen those making over \$200,000 not paying their fair share of taxes, while the middle-income groups have paid a greater share of taxes. We are trying to even up the field. We are trying to put things back on a level situation. And we are trying to emphasize fairness once again in the tax policies of this country.

Mr. President, I know—I have not just gotten here to the Senate—I know what is happening, to some degree. I know that almost daily, almost every morning on the floor of this Senate, we are seeing our friends and colleagues on the other side—maybe two, maybe three; I am not questioning anyone's

motive—taking on the President, picking out one little piece of the package and lambasting it for 20 or 30 minutes.

Mr. President, I think that from time to time it is incumbent upon us to set the record straight. And that is what I attempted to do with regard to today's attack on small business.

Tomorrow it will probably be on health care. Who knows? The next day, it may be on something else.

But I think if that is going to be the modus operandi, the way we are going to play it, the way we are going to do it for the next several months, I see no alternative, no option, but to try to come and honestly respond to some of these accusations, some of these allegations, and some of these facts that I think are not actually facts that have been placed in the RECORD by some of the speakers.

Once again, I am not impugning anyone's motive, I am not questioning anyone's integrity, but I am just basically serving notice that we are going to respond to some of these allegations. 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. AKAKA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. AKAKA. Mr. President, we have been debating the campaign finance reform bill for 10 days now. I commend Senator BOREN and Senator MCCONNELL for their efforts in managing this bill. I am pleased that the amendments have been germane and the debate on both sides of the aisle has been spirited.

I support the Mitchell-Ford-Boren substitute to S. 3, the Senate Election Ethics Act, because I believe that the establishment of voluntary, flexible limits on Senate campaign expenditures for incumbents and challenges is necessary. Under this measure, Senate candidates would be able to spend between \$90,000 to \$5.5 million depending on the size of the voting age population in their States. These sums are more than adequate to run competitive and informative campaigns.

No one denies that Senate campaigns are expensive. As a Member of the House of Representatives for 13 years, I only needed to spend approximately \$100,000 for my campaigns and my elections. During my 1990 campaign, I had to raise nearly \$1.8 million. My opponent spent more than that.

Elections should enable our citizens to express their political preferences

and to turn out those who have violated the public trust. I disagree with opponents of the bill that Americans are not concerned with reforming the way we run Federal campaigns. At the present time, the spiralling costs of campaigns are deteriorating the trust in this institution. This measure addresses the deep concerns which fuel much of the voters' distrust of elected officials—they believe we spend too much time and energy raising money to run our Senate campaigns.

As one who has served in both Houses of Congress, I know there is truth in this belief. Figures from the Federal Elections Commission indicate that overall spending in Senate and House general election campaigns ballooned during the 1992 Federal election cycle. Major party Senate candidates, on average, spent \$2.75 million, up from an average \$2.5 million in the 1990 cycle.

The substitute, in addition to setting voluntary spending limits, would also provide eligible candidates with alternative campaign resources, such as reduced mail rates and broadcast vouchers. Moreover, independent expenditures would be discouraged through partial public funding.

We have amended the substitute to ban contributions by political action committees or PAC's. We will have the opportunity to vote on an amendment to balance this ban by reducing the amount of individual contributions from \$1,000 to \$500. And, we have significantly cut the amount a candidate can loan his or her own race.

Mr. President, no one denies that challenging an incumbent Senator or Representative is a formidable feat. This bill would provide a more level playing field for eligible candidates through broadcast vouchers or matching contributions, discounted mail, and half-priced broadcast ads.

The measure we are considering is nearly identical to the bill we approved in May 1991. Regrettably, the House-Senate conference report was vetoed on May 9, 1992, and the veto was sustained by the Senate on May 13.

And now, 2 years later, we are debating a similar bill. Mr. President, I believe that we are more than willing, and able, to enact real reform. Not everyone will agree with every specific provision, but we all agree that reform is needed to restore the public trust in our election system.

I urge my colleagues to support the leadership substitute to initiate real campaign spending reform.

It is about time we make every attempt to return the confidence of people in our system and in our form of Government.

Mr. President, I yield back my time.

Mr. GRASSLEY. Mr. President, they say that politics makes for strange bedfellows. Well, as much as ever before, I realize the truth of that statement. I noted with interest the testimony before the Senate Rules Committee given by Robert Peck, legislative counsel for the American Civil Lib-

erties Union (ACLU). Though I often do not agree with the ACLU, this time I believe they are right on target. I quote from Mr. Peck's testimony:

The ACLU opposes the President's campaign finance proposal because we conclude that it violates the first amendment's guarantee of freedom of speech in numerous ways.

He goes on to say, and I am still quoting:

This proposal goes far beyond the provision of public financing and imposes a variety of constitutionally unjustifiable burdens on the free speech rights of candidates and noncandidates alike. It is, for those reasons we oppose the proposal, as we did S. 3.

While the proponents of this bill argue that the spending limits are strictly voluntary, there is nothing voluntary about it. When a candidate can be punished for not limiting his speech, this is an unacceptable first amendment violation of the worst kind.

Campaign speech is the essence of the speech intended for protection under the first amendment. It is political speech of the highest order, it should, therefore, receive the highest protection.

Some wonder how limiting spending is a form of limiting speech. In Buckley versus Valeo, the Supreme Court recognized that spending limits violate the first amendment by reducing the quantity of expression, including the number of issues, the depth of discussion, and the size of the audience that might be reached.

Expenditure limitations, the Court said, amount to "substantial and direct restrictions on the ability of candidates, citizens, and associations to engage in protected political expression, restrictions that the first amendment cannot tolerate."

While the measures in this bill are voluntary in form, they are mandatory and coercive in substance because of the punitive result if a candidate chooses incorrectly. To be punished for exercising your right to free expression is patently unconstitutional.

Buckley made clear that Congress cannot cap spending directly; thus, Congress must induce compliance through benefits. In the case of the bill before us, a compliant candidate is eligible for five financial benefits: voter communication vouchers, reduced mailing rates, half-price broadcast advertising rates, independent expenditure, and excess expenditure funds.

The independent expenditure amounts are particularly disturbing to me in terms of free speech. If a non-complying candidate has support from a private, independent citizen exercising her free speech rights, the candidate's opponent will receive additional Government funds to answer what the private citizen says.

Why should the candidate who agrees to comply with spending limits get extra taxpayer funds just because his opponent has private support from a citizen? How is this consistent with the