

Mr. MACK. Probably 7 minutes.

Mr. McCONNELL. How much time is the Senator from Washington seeking?

Mrs. MURRAY. Approximately 4 or 5 minutes.

Mr. HOLLINGS. I will yield her 5 minutes, if you will yield him 7 minutes between now and 11:45. We can go ahead with the agreement and we can both yield.

Mr. McCONNELL. I think that is agreeable.

Mr. HOLLINGS. Again, Mr. President I ask unanimous consent that the time until 11:45 a.m. today be for debate of the pending Hollings amendment No. 380, with the time equally divided and controlled in the usual form, with no second-degree amendment in order thereto, and that at 11:45 a.m., the Senate, without intervening action or debate then vote on or in relation to the Hollings amendment No. 380.

Mr. McCONNELL. Reserving the right to object, I want to make certain that I have 5 minutes before the vote. If the Senator from South Carolina can modify the UC agreement to accommodate that, then I will have no objection.

Mr. HOLLINGS. If I can also have 5 minutes before the vote.

Why do we not change 11:45 to 11:50?

Mr. McCONNELL. That would be fine.

Mr. HOLLINGS. I amend the request to 11:50.

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

The Chair recognizes the Senator from Washington for 5 minutes.

Mrs. MURRAY. I thank the Chair.

(The remarks of Mrs. MURRAY pertaining to the introduction of S. 1037 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. MACK addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida for 7 minutes.

Mr. MACK. Thank you, Mr. President. And I thank the distinguished Senator from South Carolina for making this time available to me.

PRESIDENT CLINTON'S TRUST DEFICIT

Mr. MACK. Mr. President, earlier this year, David Broder of the Washington Post wrote an article about President Clinton's trust deficit. In that article, Broder expressed the concerns of Americans across the Nation that the President has a major credibility gap.

Since then, the President has done nothing but heighten those concerns. Bill Clinton still has not done what he promised; he has not given the American people what they voted for.

His trust deficit is certainly exposed in the case of the Btu tax. Where candidate Clinton promised that the middle class would get a tax cut, President Clinton is socking them with a major tax increase.

In his book, "Putting People First," candidate Clinton opposed a Federal gas tax and said, in his words, that it would be "backbreaking" to the middle class. But Bill Clinton's Btu tax will raise the price of gasoline just like a gas tax will. And it will be just as unfair and could hurt the middle class just as much.

The consumer watchdog group Citizens for a Sound Economy calculates that the average family would pay at least an additional \$125 per year on just the gas tax component of the President's Btu tax. This is because it estimates that the gas tax component will add at least 8 cents a gallon to the price of gasoline.

The President's trust deficit is even more apparent in looking at his overall tax package. Candidate Clinton said he would reduce the deficit, and promised to cut spending by more than he raised in new taxes.

When he became President, his Budget Director confirmed a deficit plan that would cut spending by \$2 for every dollar in new taxes.

By the time President Clinton gave his State of the Union Address, the ration of spending cuts to new taxes had slipped. He talked about cutting spending only \$1 for every dollar in new taxes.

Soon after that, when the President submitted his Budget to Congress, there were not \$2 in spending cuts for every dollar in tax increases; there was not even \$1 in spending cuts for every dollar in tax increases. His budget package had turned into \$3 of tax increases for every dollar of spending cuts.

And now, the President and his Democrat pals in Congress are presenting the American people with a tax bill that raises \$5 in new taxes for every dollar in spending cuts. As a further insult, there are virtually no net spending cuts in 1994 and 1995. Nearly all the spending cuts require some future Congress—not this one—to make the tough choices on cutting spending. In other words, there is only the promise of spending cuts in the future. "Trust me," says the President.

His program of \$5 in tax increases for every dollar of spending cuts is even scaring the tax-happy House of Representatives. Today the House is scheduled to vote on a package that has net reconciled spending cuts of \$55 billion over 5 years and tax increases—including user fees—of \$288 billion. This is an explosion of Government. It is the largest tax increase by far in our Nation's history. And it may be followed by what could be another spending explosion on health care.

The American people are not buying the President's package. They want spending cuts first and they want spending cuts now. Here are examples of the letters and cards that have flooded my office with the simple message of cut spending first. Let me read one of them.

This is the first time in 67 years that I have felt strongly enough about an issue to write one of my federal representatives. The issue is the current debate going on regarding the budget. It appears that the congress and the current administration do not understand what we the electorate are concerned about. The issue is spending. If the Congress and the administration would spend more time discussing how money can be saved rather than spent we would all feel a lot better. There are many ways to save money that aren't being considered or are being protected because of a special interest. I don't mind sacrificing if it is as a result of a cut back. I do mind if it comes as a result of additional debt or more taxes. I can't operate my finances in the red and I don't understand how or why government should.

He is saying in essence, "cut spending first."

These three simple words have been the battle cry for a revolution sweeping the Nation. If the President continues to ignore the calls of the American people, his Presidency will be swept under by this tide of revolt.

That is what this debate is all about.

The American people have been down this road before with the same, tired program of tax hikes now with only the promise of spending cuts later.

Trouble is, taxes continue to rise, the economy continues to suffer, the debt continues to soar, and Government spending spirals out of control.

The American people have had their fill of empty promises. The system is flat out broke. That is why we need to bypass this whole mess and take a lesson from the Base Closure Commission to form a spending cuts commission.

Under my bipartisan legislation, the commission would come up with \$65 billion a year in cuts—with Congress and the administration having only the ability to say "yes" or "no" without amendments.

Congress is not cutting spending first. The administration certainly is not cutting spending first. It is time to reinvent the system.

But in the meantime, we simply cannot tolerate more taxes for more spending and more Government. We must restore the American spirit of innovation and competition, not punish success. The Clinton plan means failure—not only for the American people, but for his Presidency.

Let me add one more thought on the President's trust deficit. During his campaign, candidate Clinton continually pounded at President Bush for extending most-favored-nation trade status to China. He said we should not "coddle tyrants from Beijing."

Yet last night at a town meeting, the President announced that he would extend MFN status for another year. Despite their extensive record of human rights abuses, their use of gulags and prison labor, their devastation of the people of Tibet, and their active nuclear weapons sales to terrorist countries, the President believes those tyrants in Beijing deserve unrestricted trade privileges.

What kind of a signal does this send to the world when the President con-

tinually reverse his position? What kind of trust do others in the world have of us that our policies affecting them will not change tomorrow?

The real question is, is this President up for the job he was elected to do?

The PRESIDING OFFICER. Who yields time? The Senator from Kentucky [Mr. McCONNELL].

CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. McCONNELL. Mr. President, we are going to be voting at 10 minutes to 12 and I could, under the unanimous-consent agreement, make a motion to table. But I will not do that. I think it is important for the Senate to be clearly on record, up or down, on the question before us.

My good friend from South Carolina suggested that my credentials for raising the constitutional argument against amending the first amendment were tainted because I had earlier supported the flag burning amendment. I have only been here—I guess I am beginning my ninth year. The Senator from South Carolina has been here considerably longer than I. I do not know whether he has ever cast a vote that he subsequently regretted or whether he has ever changed his mind over a period of time. But I would say there is no vote I have cast since I have been here that I subsequently concluded was more in error than that one. I can assure my friend from South Carolina that if the question of revisiting the first amendment were before the Senate today on the question of flag burning, I would vote differently from the way I voted 3 years ago.

I have changed my mind. I have had an opportunity to research more thoroughly the whole implications of revisiting the first amendment. I do not know if my friend from South Carolina has ever changed his mind about an issue, but I have clearly changed mine about that one.

So, if the fact that I voted for that amendment in 1990 tarnished my credentials, then the tarnish is removed. That vote was a mistake. If I had to do it over again, I would vote differently.

So, let us go to the heart of what is before us: The constitutional amendment provision that the Senator from South Carolina offers, an amendment to the Constitution that would "empower Congress to set reasonable limits on campaign expenditures by, in support of, or in opposition to any candidate in any primary, general, or other election for Federal office."

What did the Washington Post say about the Hollings amendment? In its editorial of April 6, 1988, it said as follows:

Mr. Hollings would simplify the matter, but at considerable cost. His amendment said, in a recent formulation: "The Congress may enact laws regulating the amounts of

contributions and expenditures intended to affect elections to federal offices." But that's much too vague, and so are rival amendments that have been proposed. Ask yourself what expenditures of a certain kind in an election year are not "intended to affect" the outcome? At a certain point in the process, just about any public utterance is.

Nor would the Hollings amendment be a political solution to the problem. Congress would still have to vote the limits, and that is what the Senate balked at this time around.

As Buckley v. Valeo demonstrates, this is a messy area of law. The competing values are important; they require a balancing act. The Hollings amendment, in trying instead to brush the problem aside, is less a solution than a dangerous show. The Senate should vote it down.

The Washington Post, which supports the underlying bill, opposes the constitutional amendment.

Common Cause, which is the most aggressive supporter of the underlying bill, opposes the constitutional amendment.

The letter I have referred to earlier from the American Civil Liberties Union, dated June 4, 1992, raises a very important point about the potential for amending the first amendment for the first time in 200 years, and the implications thereof.

"Finally," the ACLU says:

*** as an amendment subsequent to the First Amendment, the existing understandings about the protections of freedom of the press would also be changed, thereby empowering Congress to regulate what newspapers and broadcasters can do on behalf of the candidates they endorse or oppose. A candidate-centered editorial, as well as op-ed articles or commentary, are certainly expenditures in support of or in opposition to political candidates. The amendment, as its words make apparent, would authorize Congress to set reasonable limits on the involvement of the media in campaigns when not strictly reporting the news. Such a result would be intolerable in a society that cherishes a free press.

Mr. President, there are partisan disagreements about the underlying bill. Obviously that is the case. But on this amendment, the issue is precisely the same that the Senate visited in the flag-burning issue. The question is quite simply this: After 200 years, do we want to amend the first amendment?

Let the debate continue on the underlying bill. But let us today, on a very strong bipartisan basis, say no to amending the Bill of Rights for the first time in 200 years.

Mr. President, I rest my case. I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I have emphasized we are not amending the constitutional Bill of Rights for the first time in 200 years. We are not amending the Bill of Rights at all. We are affirming the Bill of Rights. We are affirming and restoring true freedom of speech in Federal campaigns.

The truth of the matter is that the amendment does not limit speech with

respect to the context of speech itself. It says, "Empower Congress to set reasonable limits on campaign expenditures ***." You can talk all you want. "Empower the States to set reasonable limits on campaign expenditures ***." You can talk all you want.

The Court, in looking at television and its costs, said, "Wait a minute. In campaigns, money is speech."

For argument, let us go along with that analysis that money is speech. But where is the difference between the contributor's speech and the spender is speech? The Court said that the spender was unlimited; he had total freedom. But the contributor could be limited because of the appearance of corruption. How can there be corruption if everything is open to the public, on the public record? If there is a corrupt gift, it is on the record. You can defeat a fellow on that.

So Buckley versus Valeo is a distorted decision that took away true freedom of speech, which I have emphasized time and again. If you have money, you have freedom of speech; if you do not have money, you have the freedom to shut up. We all know that in war whoever controls the air controls the battlefield. In campaigns, politically, whoever controls the airwaves controls the campaign. And so it is that we are trying to restore equal freedom of speech by putting reasonable limits on spending. S. 3, supported by The Washington Post among others, provides for public financing, food stamps for politicians. They want Common Cause-style public financing; food stamps for politicians.

I oppose public financing. Politicians ought to go back to their constituents, have an accounting, meet on the main street, talk to the Rotary Club, explain your votes. We cannot do that in a national election because the other 49 States are not my constituents. It is totally impossible. So we have had public financing in national, Presidential elections. But don't try to use that as a precedent. It is inappropriate with respect to campaigns for Congress. We cannot have food stamps for politicians.

We have dithered for 20 years as campaign costs have gone up, up and away. And it has corrupted. Everyone agrees—Republican, Democrat, those who favor, those who oppose financing—that we cannot vote on Friday, we cannot vote on Monday, we have to get out here to raise money; someone has a fundraiser downtown, someone has this; we have to have a dinner break, so we have fundraisers and then we all come back at 9 o'clock to vote. It is an embarrassing spectacle.

I was here when the Senate started up on Monday morning and voted. I was here when we voted through Friday afternoon. We got through with our work. Now there is a week off to raise money every month. I mean, come on.

It is so out of control that we now have to raise \$11,000 per week, and in a larger State like Wisconsin, it is probably nearer \$20,000 per week for every week during the 6-year term. If you have not raised your money this week, you are out. You have to raise it.

That is what we are trying to correct, and that is what, in a bipartisan fashion, we corrected back in 1974, until our bipartisan reform was undone by Buckley versus Valeo. That decision took away freedom of speech. We are trying to restore true freedom of speech by means of this sense-of-the-Senate resolution.

The distinguished Senator from Kentucky did not say it today, but I have heard him in the past expound his eloquent Kibbles 'N Bits defense, his notion that we spend more money on cat food than we do on elections, and we ought to be spending more money on elections than on cat food. Well, unlike cat food, elections should not be up for sale. He and I disagree fundamentally on that. We ought to limit spending, and this is a bipartisan approach to express a sense of the Senate so we can later move to the joint resolution.

In the future, I can put up an amendment; we can have a debate; we can pass it and send it to the States, and the States would vote for it in a flash. You know it and I know it and everybody else knows it. But if you want not to limit the spending, then vote no.

But if you want to get to the real issue at hand, then we ought to go ahead and support this, as it has been supported by a majority of the Senate, in a bipartisan fashion, in the past. We have to get two-thirds.

If we have a few more minutes on either side, if it belongs to either one, do you want to yield back?

Mr. McCONNELL. Yes.

Mr. HOLLINGS. We both yield back our time, and I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HOLLINGS. 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. HOLLINGS. Mr. President, I think the order now is for a vote.

The PRESIDING OFFICER. The question is on agreeing to the Hollings amendment No. 380. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Montana [Mr. BAUCUS], the Senator from Alabama [Mr. HERGENROTTER], and the Senator from Texas [Mr. KRUEGER] are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Utah [Mr. HATCH] and the Senator from South Carolina [Mr. THURMOND] are necessarily absent.

The result was announced—yeas 52, nays 43, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—62

Akaka	Feinstein	Moseley-Brain
Biden	Ford	Murray
Bingaman	Glenn	Nunn
Boren	Graham	Presler
Bradley	Harkin	Pryor
Breaux	Hatfield	Reid
Bryan	Hollings	Reigs
Bumpers	Inouye	Robb
Byrd	Johnston	Roth
Campbell	Kassebaum	Sarbanes
Conrad	Kennedy	Sasser
D'Amato	Kerry	Shelby
Daschle	Lautenberg	Sims
DeConcini	Levin	Specter
Dodd	Lieberman	Wellstone
Dorham	Mathews	Wofford
Eaton	Metzenbaum	
Feingold	Mitchell	

NAYS—43

Bennett	Faircloth	McConnell
Bond	Gorton	Mikulski
Boxer	Gramm	Moynihan
Brown	Grassley	Murkowski
Burns	Gregg	Nickles
Chafee	Haines	Packwood
Costa	Jeffords	Paul
Cochran	Kempthorne	Rockefeller
Cohen	Kerry	Simpson
Coverdell	Kohl	Smith
Craig	Leahy	Stevens
Danforth	Lott	Wallop
Dole	Lugar	Warner
Domenici	Mack	
Durenberger	McCain	

NOT VOTING—5

Baucus	Heflin	Thurmond
Hatch	Krueger	

So the amendment (No. 380) was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote.

Mrs. FEINSTEIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATCH. Mr. President, I would like to explain my missing the vote just taken on the Hollings amendment. As ranking member of the Senate Judiciary Committee, I was conducting Judiciary Committee business and did not hear the bell alert nor did I see the clock lights before the vote was concluded. I would have voted no on the Hollings amendment.

Mr. THURMOND. Mr. President, on the earlier vote today on amendment No. 380, I would have voted in the negative. I missed this vote due to a power failure in my office which caused the bells and the telephone alert to fail to work properly. I recognize that my vote would not have affected the outcome of the vote.

Mr. McCONNELL. Mr. President, I want to commend the Senate for refusing to agree to the Hollings amendment. As we all know, it takes 67 votes in the U.S. Senate to agree to a constitutional amendment. The amendment of Senator HOLLINGS only got 52 votes, a full 15 votes short. I want to particularly commend Senators on the other side who were willing to look to the substance of this, Senator BOXER;

Senator MIKULSKI; Senator KERREY of Nebraska; Senator KOHL; Senator LEAHY; Senator ROCKEFELLER; Senator MOYNIHAN; and Senator PELL, who followed the majority leader's admonition 3 years ago when we were considering amending the first amendment to overturn the flag-burning case.

The majority leader said at that time 3 years ago that:

I do not believe we should amend the Bill of Rights. I do not believe that we should ever under any circumstances for any reason amend the American Bill of Rights.

I commend the majority leader for what he said 3 years ago on that subject. I particularly want to thank Senators BOXER, MIKULSKI, KERREY, KOHL, LEAHY, ROCKEFELLER, MOYNIHAN, and PELL for following that admonition.

Mr. President, I yield the floor.

Mr. WALLOP. Mr. President, I ask unanimous consent that I may proceed as in morning business.

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

THE RECONCILIATION PACKAGE

Mr. WALLOP. Mr. President, I was startled in a way, and not surprised in another way, to read the headline in the Wall Street Journal this morning that states "The White House Gives Ground on Energy Tax."

Mr. President, I ask if this is not the same administration who, exorcising the special interests, is now accommodating them one by one. I ask the Senate to consider if this Btu tax is not now more the equivalent of a Belgian lace dolly than a straightforward policy. Every hole that has been punctured in the tax remains not a hole but a burden on the back of somebody whose interest was not special enough to be carved out by the White House.

The list of those whose interests have been accommodated is long, beginning with the Speaker of the House's interest in aluminum, and with the House majority leader's interest in beer, and with a variety of other interests, some of which I would agree with. But keep in mind, Mr. President, that these exemptions—this relief for the President's special interests—is someone else's burden. They are not, in fact, exempting these interests from the American consumer as an obligation to pay, or from other less-favored taxpayers to pay; they are relieving the obligations of the favored few that belong to the political elite that are drafting this wonderful little thing called the House reconciliation package.

There was a statement, I believe, in this week's U.S. News and World Report, which quotes a Los Angeles publication, basically saying that this administration is the most anti-job, antigrowth, anticonsumer administration in this half century.

If the administration's plan—if one can even determine what the administration's plan is, since it changes by the hour in the pursuit of votes—as

outlined in the budget resolution and the reconciliation's instructions, were to be passed, it will, in effect, destroy the economy of this country, while it is struggling to recover.

It will raise taxes on all taxpayers five times more than it will cut spending. And most impressive of all, under the provisions of the bill that sits on the floor of the House today, during the first year that the bill would be in effect, taxes will exceed spending reductions by almost \$17.

Over the 5 years of the bill, taxes will exceed spending by somewhere in the neighborhood of \$7 in new taxes for every dollar achieved in spending reduction.

Mr. President, it is absolutely fair to assume that the American public honestly believed this President when he said that (a) there would be a middle-class tax cut and (b) there would be \$2-\$3 in spending cuts for every dollar in new taxes raised.

Had that promise been achieved, and given the Administration's own tax increase now on the table of just under \$300 billion, deficit reduction might be an impressive achievement of over \$1 billion.

I think it is fair to say that the American public did not believe during the campaign that when they voted, they would get an administration committed to increasing the size of Government under the guise of the term "investment"—which is a word that Americans will learn means a bigger Government, with more regulations, more redistribution of income, and more growth in the very size of the thing which is now consuming us all. It is also fair to say that Americans did not expect to see no middle-class tax cut, and instead get, significant middle and even lower class tax increase.

Mr. President, 54 percent of all Federal spending today goes toward entitlements and mandatory spending programs. I think it is obvious to everyone who will be honest for the moment that, in order to get a real handle on the increase in the growth of the deficit and thus the debt, we are somehow going to have to be brave enough to belly up to the question of entitlement growth.

But what appears to have been achieved in the House of Representatives, is an agreement between House Democrat Conservatives and the White House that in effect says we have an absolute commitment that under no set of circumstances will we address entitlement cuts. Let me explain what I mean. What appears to be the compromise needed to obtain votes on the budget package in the House is the idea that we first will determine what growth in the entitlement programs is permitted by the budget resolution and then, if we exceed those ludicrously called caps, the President may recommend either an increase in taxes—which is a license I think Americans will loathe to give to an administration whose general tendency is to in-

crease taxes—or further cuts in spending.

If the Senate would oblige me for a minute, I ask you, where will we go to get the further cuts in discretionary spending? The cash cow called the defense budget that has been used by Democrats and Republicans alike? The only identifiable cuts of consequence in the budget resolution are the extraordinarily large cuts in defense that even the most liberal members of the House Armed Services Committee are now saying may need to be replenished at the end of 5 years, lest we degrade our defense system so much that we endanger this country.

These are not Republicans, or Cap Weinberger types who say this. These are people, like the chairman of the House Armed Services Committee, who is generally not known for his passion to increase defense spending. But even he realizes that this cow has been milked dry and there is nothing more to be gained from her. Far from being on a sacred pasture, she now grazes on the endangered species list.

And we have also not yet seen what will be required of Americans with regards to health care reform. The alarming news this morning is that merely a tax on cigarettes will take care of health care spending, because we will require America's businesses to provide these health care packages.

Mr. President, even though the administration does not willingly call these obligations taxes, the administration cannot fool American business owners that this is in fact a tax on the cost of their production and operation.

So what we have is a huge increase, somewhere in the neighborhood of \$100 to \$150 billion a year for health care reform, as well as \$300 billion in new taxes over the next 5 years. And you have milked the defense cow beyond her ability to be replenished.

So, where do we go from here, when, using the administration's own figures, 5 years from now we find the deficit has not been ever reduced, rapidly rising again? Where does America go to fix that problem? The problem, in fact, must be fixed before we ever reach that point.

The President promised us he was a new Democrat. Now we find instead that he has, in fact, exuberantly launched himself as having the reputation of the old tax-and-spend Democrats. Whatever happened to the promises of spending cuts in the form of \$3 for every dollar in tax increases? They were not even around long enough to grow stale on us.

The most empty promise and the most egregious tax of them all is, in fact, the Btu tax. The President, when the able Senators from Oklahoma, Louisiana, Missouri, and Maine brought up problems with the Btu tax, accused them uniformly and blindly of being captives of energy industry interests.

That is a ludicrous thing to say. The chairman of the Finance Committee in

the Senate, Senator MOYNIHAN, even said on national television over the weekend that the Btu tax was not an oil issue; in fact, Mr. President, it is a jobs issue. And one need not go any further to understand this than the pleadings of the House Speaker who managed to get his aluminum and energy-intensive industries of the Northwest excluded from the provisions of this tax. Speaker FOLY cannot be accused by the administration of being an oil-State captive, but he has managed to exempt his industry.

One of the most perverse parts of all of the Btu tax is that little segment in the Agriculture Department's appropriation which calls for a \$17 billion increase in food stamps, to take care of the Americans newly made eligible for food stamps because of the onerous requirements of the Btu tax. Compensating them for the cost of the new taxes by making them eligible for food stamps and wards of the Government is not the middle-class tax cut that most Americans thought might be coming their way. Food stamps is a dependency, my friends, and it is being created as a means of putting together a dependent constituency.

I had a constituent named Carl from Cody, WY, who called me this week to express his deep concerns over the administration's tax package and the Btu tax, in particular.

Guess what he told me? He said that the Btu tax would cost him at least \$100 more a year. He had not read the figures as to how much it would cost in Wyoming. It is more like \$400 a year.

But he was concerned that he was going to have to pay \$100 more a year because of the Btu tax and, in simple terms, this meant that he could not get his \$6.50 haircut every 4 weeks. He said he would have to go back to having his wife cut his hair. He wanted to know why he was to be taxed out of his \$6.50 haircut when the President had a \$200 haircut on the runway at Los Angeles while holding up America's air traffic.

Mr. President, the administration claims absolutely repetitiously that the Btu tax is fair, that it is regionally equitable, and that its burden will be borne by all.

But those of us who have farm interests—another group seeking exemptions, which is a tolerable concept as long as exemptions are taking place—and constituents, who live 60 miles or 70 miles away from their jobs like in my State of Wyoming; those of us who have industries, which are energy-intensive; and those of us who have State governments, whose ability to manage and meet the requirements of governing that this Congress and past administrations have been willing to heap upon but not willing to pay for them, are finding that the energy tax will be devastating.

Those of us who have school boards, whose children live 40, 50 miles away from the schools, are suddenly finding that our counties and our school systems are going to be taxed to do the or-

dinary and necessary functions of Government.

And, guess what? As the President's people allow each exemption to take place without changing on the total level of revenue to be raised by this tax, who do you think gets to pay but our cities, our school boards, our States, and our counties?

The White House continues to say that its interest is in jobs and in education.

How is it appropriate to add to the cost of education in rural States by imposing a Btu tax? How is it that we are going to explain to these people, who are now on tight budgets because of a whole series of other obligations heaped on them by past Congresses, that they are now going to have significantly lower amounts of money to spend on education, because they must pay the Government a tax to run their school buses and to heat their schools?

One has to ask, from an administration who speaks of fairness, if it is fair to impose a tax that will cost American jobs. Six hundred thousand jobs lost is one figure that has been attributed just to the Btu tax.

The Forest Service is seeking to remove 708 jobs in the State of Wyoming because of what are called below-cost timber sales, which we now find when we put all the numbers together, means that the revenue forgone to the Government will actually increase the cost of operating the Forest Service. So, in order to find revenue to increase government, we are willing to sacrifice another 708 jobs in my State, and regions of the West will see similar kinds of results.

How is it that a President, who says he is interested in the competitive capability of America, is willing to say to Boeing, before changes were made to the tax, that he hated what Airbus was doing and he was going to stand up for them, and then willingly impose a Btu tax, which does two significant things. First, it vastly increases the cost of producing a Boeing aircraft, both in the materials they buy and in the cost of producing it; and, second, it vastly increases the costs of their customers, the U.S. airlines, in plying their trade.

The airlines, with lost billions over the last few years, are now looking at an additional \$1 billion in costs because of the Btu tax. Airbus does not have to pay that tax and, therefore, can have their airplanes sold here at a lower price.

Now we see that the administration is playing around with the idea that the Btu tax can be rebated. They forget, of course, that they have an obligation which America has willingly undertaken over the years, called GATT, the General Agreement on Tariffs and Trade. The Btu tax is not rebatable under GATT in the way in which they seek to impose the tax. So how does that do anything for American who want jobs?

In the other body today, the administration will be trying to bring the tax

package and the Btu tax to a vote. They are trying to placate concerned Democrats over there with promises, first, of "no compromise."

Now, we have: "The White House gives grounds on energy tax."

They have agreed to modifications of the tax in the hope that they will have created or discovered enough new Fausts who are willing to sell their souls to the Devil to create a moment's relief from the onerous antibusiness, anticonsumer, anticompetitive policies of this administration.

It is about time they realized that the tax will hurt industrial competitiveness. But it is even more time to realize that the proposed solutions will only wreak more havoc. Let me explain.

The first solution included in the bill by the Ways and Means Committee would add an imputed Btu tax on imported high-energy products. Does anybody hear echoes of the 1930's and Smoot-Hawley and the type of policies that wrecked the economy of the whole world, to say nothing of the United States? The import tax is the same type of protectionist measure that took us into the Depression, and it thoroughly discredits the President's own speech at American University where he said he was for free, fair, and open trade, and world competitiveness. By imposing an import fee he is basically saying that since we must tax our own products we must try to find some way to also do it to our trading partners, even though it may be prohibited by GATT.

Now, the administration is trying to find a way to propose a rebate on the Btu tax at the border so America's industries, which are rendered uncompetitive by these taxes, will find some relief.

I asked the former chairman of the Finance Committee, now Secretary of the Treasury, during a hearing in the Finance Committee, if it was not true that the Common Market provided up to a 20-percent subsidy on energy taxes and costs to energy-consuming industries in their country? He knew nothing of it. But the fact is, that the Common Market does provide such subsidies.

So, now, with this proposal to rebate taxes at the border, we have a solution that will not readily solve the problem, because even the administration and the Joint Committee on Taxation have acknowledged that a border adjustment may well violate our GATT obligations and could be challenged by our trading partners. The 1979 GATT subsidies code expressly states that a rebate at the border on an input not physically incorporated into an exported good is an export subsidy.

What kind of administration is this that says it is interested in the competitiveness of American products, and in free and fair trade, who willingly finds ways to transgress this Nation's obligations under GATT.

The GATT interpretation of the physical incorporation test, as well as America's own practice, suggest that energy consumed in the production of a good is not physically incorporated into a good and, therefore, is an illegal subsidy. To be border adjustable, the tax would have to be on the product and not on the energy input into it. But to do that, guess what, America's consumers would be able to see the level of taxation that this administration was forcing them to pay, so they have gone to extraordinary lengths to see to it that it is not visible to the consumers.

It concerns me that the Clinton Administration is playing Russian roulette with trade policies in order to salvage a bad tax that ought to be defeated. It will be my hope and plan to ask for a study that will provide us with what I hope to be an objective analysis of the issue before we make a mistake that will have serious and probably irreparable international consequences.

But I stand here this morning to say to my colleagues in the Senate: Beware. The American people are well aware of the emptiness of the promises that the administration proposed between the time of its campaign and since ruling. "We will never yield on the issues of entitlements. We will not yield on the issue of the Btu tax." Today we have, "White House gives ground on the Btu tax."

The American people are used to and aware of the necessity to trust their Government. But where do they find trust? Having been promised a middle-class tax cut, now even those with incomes of \$20,000 will have serious increases in their taxes. When the President, having promised the middle class a tax cut in order to get elected confronts the middle class in Los Angeles, the first thing he says is Well, you will have to wait until sometime in the next 4 years in order to get such relief. Why should they believe that? Where is the basis for trust? If the Btu tax is enacted, make no mistake, it is a permanent tax. The almighty compromise with regard to entitlements has made it clear that under no set of circumstances will anybody ever deal with the growth. We have only to look at the behavior of these Congresses with regard to unemployment to understand why. We say: "This is the last"—"By golly, this is the last"—"This is certainly the last extension of unemployment benefits." Yet we extend them again.

We have only to look at the courage of a Congress that has passed Gramm-Rudman with its spending caps to realize that every time we reached the point whereby we would have to make uniform, across-the-board cuts, we ducked from doing so.

So, what we are left with are taxes that are permanent and cuts which are nonexistent. We have a serious problem that is being laid in front of us. It is not deficit reduction—read the admin-

istration's own figures. For a year or two, the size of the deficit declines, but it does not diminish and the debt increases by \$1.5 trillion over the next 4 years. That is certainly not debt reduction.

I would like to bring out one little known fact about the Btu tax. Did you know that this mysteriously evil tax is indexed for inflation? This is unique since the only explicit inflation adjustments in the Tax Code are designed to protect the taxpayer from the effects of inflation—although even these have been curtailed, in part, by this administration—not hurt them, like the Btu tax.

Americans ought to take a look at what this means—it means the tax automatically increases every single year without Government intervention. We will have to intervene to keep the tax from growing. It is devious, what has taken place. I conclude by saying that the Btu tax is bad economics, it is bad tax policy, and it is bad energy policy.

A last little bit on the energy policy. It was said that the Btu tax was imposed, partly in response to the Vice President's total commitment to the environmental movement, as a substitute for a carbon tax. But the administration tried to pray to too many gods when they designed this tax. In order for the Pacific Northwest, with all its hydroelectric power, to avoid becoming the American manufacturing center of the continent, the Btu content of water was taxed for heaven's sakes. And, in order to satisfy the inordinate demands of the Senator from West Virginia and high-sulfur coal, we doubled the tax rate of Btu in oil over coal. So now you are taxing water, which does not have a Btu content, and you say to high sulfur coal, that it is not as serious an environmental problem as earlier claimed. And what happened to our energy strategy which we just passed, with the President's blessing. As a candidate, the President said, along with others, that the Energy Policy Act was perhaps the most far-reaching piece of policy that this Congress had passed in many years. We worked hard last year to craft an energy strategy that was fuel-neutral. Now the Btu tax picks a Government fuel and have farther impeded the Energy Act by granting new exemptions that in order to get some more votes in the House and to create new little crowds of Fausts that sit over there.

But the energy policy, we crafted last year is distorted because there are now Government-subsidized fuels, there are ignored consequences of the use of high-sulfur coal, there are penalties on the use of American oil which end up being penalties that create a greater dependence on overseas oil, and there is decreased reliability and availability of low-carbon fuels such as nuclear and hydro.

The Btu tax is an environmental mess, Mr. President, as well as an economic mess. This tax has not been well

thought out. This program is totally political. And the fact that it is totally political can be seen in the fact that you can buy off the Speaker of the House and the majority leader and other important people, by providing more and more and more exemptions to the onerous provisions of this tax. The Administration has accused others of being special interests, while absolutely kowtowing to the interests whose votes might be necessary to get this tax package passed.

It ill-becomes the President of the United States or his spokesman to call those folks special interests when they absolutely cater to them by the hour in order to find the Faust to pass this new package.

Mr. President, I yield the floor.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

THREAT TO THE SOCIAL SECURITY SYSTEM

Mr. RIEGLE. Mr. President, I want to address the threat being posed to the Social Security system by the budget package that has been put forward by some colleagues, particularly the Senator from Oklahoma [Mr. BOREN]. I say that at the outset so that can be known to anyone in his office and other places interested in this particular issue.

I will also, at the conclusion of my remarks on that, make a comment or two about the remarks of the Senator from Wyoming, which I listened to with great interest.

But I want to, first, of all, address this new budget package that we are still analyzing—but we have analyzed it enough—the one being offered by the Senator from Oklahoma. I find the part in there that has to do with cuts in the Social Security COLA adjustments to be very damaging and unfair and I think also, in the form in which they have been presented, would actually violate the budget rules that we have in the Senate.

I want to go through it in some detail because I do not think the press yet or the public understands the threat posed to Social Security by that aspect of this program that has been put forward. I want to lay it out here because I intend to do everything I can to confront it directly and to not only make sure everybody understands what it is designed to do and would do, but that the battle lines are drawn right now on this issue, so nobody is under any illusions as to what may be done here.

When you look at the element of the plan that has been put forward, the bulk of the program cuts really are going to be on the backs of older Americans and on those people down the income scale in our country, including those in poverty who are struggling every day just to make ends meet.

Most of those proposals are ones that we have previously dealt with in the

Senate and which have been rejected by a series of record votes. In many instances, they were votes on amendments that I myself offered back in the early eighties when the Reagan administration was trying to cut Social Security benefits at that time.

But to be very specific about it, the proposal that has been put forward would cut the cost-of-living adjustments for Social Security recipients and those COLA cuts, as we call them, the cost-of-living adjustments, the cuts in those would be imposed every year for 5 years in a row. That would result in a permanent, cumulative loss of real income for many of our low- and middle-income Social Security recipients.

A lot of these people today are just able to make ends meet. It is not easy to get by in old age in America. Things can be very expensive, whether we are talking about prescription drugs or we are talking about utility bills or we are talking about transportation needs, housing needs, food, the rest of the essentials that everybody has to have.

The cost-of-living adjustment on Social Security does not give any senior citizen on Social Security extra buying power. That is not what it is. It is designed to come in and make up for buying power that inflation has taken away from them over the last year.

We know, for example, that, if somebody is getting a modest Social Security payment, which they have paid for and which they have earned by their work history, inflation takes away some of the buying power of that money. We have built in an adjustment the next year to come in and replace that lost buying power so that the person is not sliding backward, sliding either into poverty or sliding toward poverty.

So the cost-of-living adjustment does not provide any extra buying power. It is there to replace buying power that has been taken away by inflation, just to hold the senior citizen even with inflation so that their benefits are preserved in real terms so that they can pay their bills and meet their basic living expenses.

The design of this program is very diabolical because it wants to come in and shave down the cost-of-living increase for senior citizens and keep it in place each year for 5 years so it is a piling-up effect. But then the effort is to take and use the money that, in effect, will not be spent on the cost-of-living adjustment on Social Security and have that available for other purposes totally unrelated to Social Security.

So, in effect, it is squeezing down the seniors in order to have that money, in a budget sense, available to pay for other things that have nothing to do with Social Security and are outside the Social Security system.

A related aspect of this that makes it even more troubling, and I think unfair and just misconceived, is the fact that the Social Security system today is running a big surplus. That is not what is causing our Federal deficit. In fact,