

ORDERS FOR MONDAY, NOVEMBER 20, 1995

Mr. GORTON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10:30 a.m., Monday, November 20; that following the prayer, the Journal of proceedings be deemed approved to date; that no resolutions come over under the rule; that the call of the calendar be dispensed with; that the morning hour be deemed to have expired; that the time for the two leaders be reserved for their use later in the day; and that there be a period for morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROGRAM

Mr. GORTON. Mr. President, for the information of all Senators, the Senate will be in session tomorrow to adopt an adjournment resolution. It is also possible that the Senate may consider any legislative or executive business cleared for action during Monday's session.

ORDER FOR ADJOURNMENT

Mr. GORTON. Mr. President, after an opportunity has been given to speak for the Senator from North Dakota [Mr. CONRAD], the Senator from Nevada [Mr. REID], and the Senator from Alabama [Mr. HEFLIN], I ask unanimous consent that the Senate stand in adjournment under the previous order.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CONRAD addressed the Chair.

The PRESIDENT pro tempore. The distinguished Senator from North Dakota is recognized.

GOOD NEWS FOR THE GOVERNMENT

Mr. CONRAD. Mr. President, this is good news tonight. The impasse has been broken. It is certainly good news for the country, and good news for the hundreds of thousands of Federal workers who have been furloughed and who have been wondering if this Thanksgiving would be a happy one for their families. It is good news for citizens around the country who are wanting to have their Government back in action.

Mr. President, now that we have achieved this breakthrough tonight, in what was really an initial skirmish on a much larger issue about how we bring balance to the budget, and how we bring the fiscal affairs of this country into balance, I think now, perhaps, is the time to start looking ahead at how we could achieve the greater agreement, how we could balance the budget in a unified way over the next 7 years, and how we could do it within the constraints of this agreement.

I say to my colleagues that there are a number of ways that we could have a breakthrough on the larger debate that is underway. I urge my colleagues to look at CBO and OMB economic forecasts as one way out of the morass that we are headed into with respect to a long-term agreement.

Mr. President, we could settle this dispute, balance the budget on a unified basis by 2002, but do it in a balanced way, in a way that was fair to all interested parties. Just so my colleagues have something to think about over the week break that we are about to have, I am going to put in the RECORD one possible compromise. I stress that it is a compromise, because this is not a proposal that will find favor among every Democrat, it is not a proposal that will find favor among every Republican; but I think we have to remember that a Democrat controls the White House, the Republicans control the Congress, and the President can maintain a veto with the number of Democrats that are in the House and in the Senate.

So, ultimately, we are going to have to compromise between what the Republicans want to do and what the Democrats want to do. Both sides are moving from principle, both sides have strong views about what is in the best interest of the country. Ultimately, neither one is going to get everything they want. We are going to have to compromise. It will be a principled compromise when it is finally made, but I urge my colleagues to take a look at what I am going to outline this evening, as they take this break for Thanksgiving and see if it is not at least an outline of what we can achieve if we worked in good faith and sat down together and reasoned out a final agreement.

Mr. President, first of all, you take the 7-year goal. I think the vast majority of Members of Congress agree that 7 years is an appropriate goal to bring balance to the unified budget of the United States. I want to stress that that is not the end of the job, because to achieve real balance, we are going to have to balance without using Social Security trust fund surpluses. But the first step is to achieve unified balance, and to do that in 7 years is a good goal.

One of the great disputes we have had is whether we ought to use CBO economic forecasts or the OMB economic forecasts. I think a lot of people get lost and say: What is CBO? What is OMB? Simply, for those who are listening, CBO is the Congressional Budget Office; OMB is the Office of Management and Budget. The Office of Management and Budget is controlled by the President; the Congressional Budget Office is controlled by the two Houses of Congress. They have two different scenarios for what the economic growth is going to be in this country over the next 7 years. CBO says 2.3 percent; OMB says 2.5 percent. Interestingly enough, over the last 20 years, economic growth has averaged 2.5 per-

cent. Interestingly enough, the Wall Street Journal, last week, endorsed the President's economic assumptions. But they said that both of them are too pessimistic.

Well, what would happen if we just compromised between the OMB and CBO economic forecast? That would provide an additional \$225 billion that we could distribute over the next 7 years, if we used the OMB economic forecast. Again, the Wall Street Journal says it is too pessimistic. If we did that and we went down the large categories of spending that we have to decide on, if we are going to achieve a balanced budget on a unified basis by 2002, one can see the possibility of a compromise that would look something like this: In the Republican bill, in domestic discretionary spending, they have achieved savings or cuts, if you will, of \$440 billion over the next 7 years.

In a potential compromise, we might have a hard freeze, and just freeze domestic discretionary spending for 7 years—freeze it. That would save \$289 billion. We have had intense debates on this floor about Medicare. In the Republican proposal they have saved \$270 billion out of Medicare. On a compromise that would balance on a unified basis in 7 years, we could have a savings of \$140 billion. That would preserve and protect Medicaid. It would strengthen the program, and it would do what the trustees say is necessary. But it would not threaten to close rural hospitals in the same degree as the Republican plan. It would not put the same burden on beneficiaries as the Republican plan.

I suggested to my colleagues a potential compromise. On Medicaid, the Republican plan calls for \$163 billion of savings, or cuts, if you will, over the next 7 years. A compromise might follow more closely the commonsense plan introduced by conservative Democrats in the House and Senate, an \$80 billion savings out of Medicaid.

On agriculture, the Republican plan is to cut \$12 billion. Here it is not restricting the rate of growth. Here it is a real cut—no question about it. It is \$12 billion less in agriculture. An alternative would be the President's number of \$4 billion.

Mr. President, the Republican plan goes too far. It goes too far. They eliminate the authorization for an agriculture program that has been in the law since 1938. They eliminate it. I think everybody recognizes agriculture needs some changes, but we should not be eliminating the farm program in this country. We certainly should not, when our competitors are already spending three or four times as much as we are on agriculture, and just waiting for us to wave the white flag of surrender. That does not make sense.

So I submit to my colleagues that perhaps a \$4 billion reduction could be part of a final package that achieves balance on a unified basis by the year 2002.

Student loans. The Republican package calls for a \$5 billion reduction. Mr. President, this is one area where I think most Members on our side—certainly, I think every Member on our side—would say we should not cut student loans by a nickel. That is not good for the future of America, to restrict people's ability to go to college. So let us eliminate that one area of cuts—the \$5 billion that is in the Republican plan.

Welfare reform. The Republican plan has \$107 billion.

An alternative would be a number, about \$47 billion, again, close to what was in the commonsense plan offered by conservative Democrats in the House and the Senate.

I say to my colleagues, this difference is important because if we are serious about our rhetoric, if we really want people to go to work and not be on welfare rolls, we have to understand that will cost some money.

The Republican Governor of Wisconsin has reminded people if you really want to put people back to work, you have to have the child care that will allow them to go back to work. We know that means a savings of less than what is in the Republican plan.

In addition, in the Republican plan, they dramatically reduce the earned income tax credit. Ronald Reagan said the earned income tax credit was the best profamily, prowork program that ever came out of Congress.

Mr. President, I do not think we want to be cutting the earned income tax credit that will actually mean a tax increase for some 7 million families in America. We should not be increasing their taxes.

On veterans, the Republican plan calls for \$7 billion of savings; the alternative, \$5 billion.

Now, some people are beginning to wonder, where do you get this extra money? First of all, remember, we have adopted a compromise between the economic assumptions of CBO and OMB. When we do that, we have \$225 billion of additional resources that can be used over the next 7 years.

I want to swiftly point out that every forecaster in the private sector has suggested that OMB is actually quite conservative with their economic forecasts. Most of the private-sector forecasts are more optimistic than either OMB or CBO.

Another way we get additional resources is by an adjustment in the Consumer Price Index. The Consumer Price Index is used to adjust Social Security payments. It is used to index the income tax system. The whole idea of the Consumer Price Index and using it has been that we are adjusting to the cost of living.

The experts are now telling us that the Consumer Price Index overadjusts for the cost of living. It is making too big an adjustment. In fact, we just had a commission that reported to the Finance Committee and said that we are overcorrecting from 0.7 of 1 percent to

2 percent a year in the Consumer Price Index.

If we would adopt just a half-a-point correction, 0.5 correction in the Consumer Price Index, that would save \$139 billion over the next 7 years.

Other mandatory spending, the Republican plan, \$16 billion of savings; this alternative that we propose, \$58 billion.

Then we go to revenues. Loophole closures: In the Republican conference report they call for \$18 billion of loophole closures. In the alternative, we double that and call for \$37 billion in loophole closures.

I might just say to my colleagues, the biggest pot of money that we have are the tax entitlements. We have heard a lot of talk about reducing the spending entitlements—Medicare, Medicaid, a lot of talk that they are growing too fast. Indeed, they are. So we achieve savings in the spending entitlements of Medicare and Medicaid.

The tax entitlements are the biggest pot of money of all. We are going to have \$4 trillion of tax entitlements over the next 7 years, compared to \$3 trillion spent on Social Security, about \$2 trillion spent on Medicare. So the biggest pot of money of all is the tax entitlements.

We could achieve \$39 billion of savings out of a pool of \$4 trillion without any heavy lifting around here. It ought to be done.

Mr. President, the Republican plan calls for \$245 billion of additional tax preferences—tax cuts. Very frankly, a compromise would require something less than that. There are many of us that do not see the wisdom of reducing revenue when we are adding \$1.8 trillion to the national debt that already stands at \$5 trillion.

Why are we cutting taxes when we already have a debt of \$5 trillion and we are adding \$1.8 trillion to it over the next 7 years?

We will have to borrow every penny of that tax cut. So compromise might be to reduce that proposed tax cut in the Republican plan from \$245 to \$131 billion.

Then we get to the so-called fiscal dividends. In the Republican plan, the CBO says they get a fiscal dividend of \$170 billion. Fiscal dividend, Mr. President, simply means that once we move toward balance, the markets in this country are going to adjust. They are going to get lower interest rates. We are going to get greater economic growth, and that will produce a fiscal dividend of \$170 billion. The alternative plan I am discussing tonight, that would be a fiscal dividend of \$114 billion.

Then, of course, because we substantially reduce the deficit under the Republican plan, there would be \$150 billion of debt-service savings. Under this alternative plan that I am discussing tonight, the debt-service savings would be \$113 billion.

Then, of course, there is the difference in the economic assumptions that I mentioned at the beginning, the

bridge between the Congressional Budget Office economic forecast and the Office of Management and Budget economic forecast. That is a difference of \$225 billion.

The bottom line: deficit reduction in the Republican plan of \$1.131 trillion over the next 7 years. In the Democratic plan—I will not label it a Democratic plan because really this would be a compromise. This would be a compromise between the Democratic alternatives that have been offered previously, the Democratic priorities and the Republican priorities. Maybe we ought to call it the American plan.

It would achieve deficit reduction of \$1.121 trillion. It would achieve unified balance in the year 2002. We would have done it with much less in the way of cuts to Medicare and Medicaid, no cuts to education. We would have done it with much less in the way of cuts in reductions to food programs and agriculture. It would still be a tax reduction, but would not be as big as the Republicans have been calling for.

There would be more money for highways and bridges. There would be more money for research, which I think is critical to the future of this country.

Mr. President, I will ask that a table that outlines this potential compromise be printed in the RECORD. I hope my colleagues and the staffs of my colleagues would take a look at this over the break period, because at some point we will have to come together in the House and the Senate between the Congress and the White House. This is at least an outline, a suggestion, something to think about, about how we could bring the two sides together and achieve something great for America.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARISON OF ALTERNATIVE BUDGET PACKAGES

(Changes from CBO baseline)
(7-year changes; in billions of dollars)

	Republican conference	Potential compromise
Discretionary: Discretionary savings	-440	-289
Mandatory:		
Medicare	-270	-140
Medicaid	-163	-80
Agriculture	-12	-4
Student loans	-5	0
Welfare reform (includes EITC, nutrition)	-107	-47
Veterans	-7	-5
CPI	-18	-139
Other mandatory	-16	-58
Revenues:		
Loophole closures	-18	-37
Tax cuts (shown as positive number b/c they increase the deficit)	245	131
Fiscal dividend	-170	-114
Debt service	-150	-113
CBO/OMB baseline bridge	0	-225
Total deficit reduction	-1,131	-1,121

Mr. REID. I advise the chairman that Senator HEFLIN does not wish to use his time. Therefore, I believe that all speakers have since departed the Chamber.