President of the United States submitted to Congress, by the revisions last summer, or by any of the further revisions which have taken place during the course of this debate during the fall and winter of 1995 and in 1996.

Now, however, the full restoration of the administration of various departments of the United States depends upon the submission by the President of the United States of just such a balanced budget. These proposals do not require any particular content in that balanced budget, but they do require, and I believe will obtain, a set of proposals from the President which can be compared at that point by Members of Congress, by the news media, and by the people of the United States, with the various proposals the Republicans have made, including the Balanced Budget Act of 1995 recently vetoed by the President of the United States.

Just why it has taken this extended period of time, why the President has so resisted meeting us on common ground, a common ground from which we all hope a valuable compromise can be reached, is difficult to understand. Clearly Members of the Democratic Party can meet the challenge of proposing a balanced budget using honest figures which presumably meets each of the priorities on which they place so much weight with respect to health care, the environment, education, and the like. Conservative Democrats in the House produced such a budget many weeks ago. The leadership of the Democratic Party here in the Senate made such a proposal before the Christmas recess.

Now, much of the debate has revolved around the insistence of Republicans on a balanced budget using figures provided by the Congressional Budget Office. The overwhelming attention of the White House and of many of its supporters has been toward a list, included in the last balanced budget requirement, respecting adequate funding for Medicare, Medicaid, education, the national defense, and a number of other activities of the Federal Government.

But there is a very real distinction between those two parts of that November resolution. The determination of whether or not a proposed budget, whatever its specific content, is in fact balanced under the projections of the Congressional Budget Office is a pure question of fact. Either it is or it is not.

The Congressional Budget Office, basing its judgment on certain assumptions, makes a series of mathematical calculations and tells us whether, in its view, in the year 2002, the budget will be balanced. The answer is yes or no. There is, given the nature of the requirement, no valid difference of opinion as to whether or not a particular budget is balanced. The Balanced Budget Act of 1995 included such a balance. Later proposals by the Senator from New Mexico, the chairman of the Budget Committee, are balanced in that fashion.

The so-called bipartisan proposal set forth by Senators CHAFEE and BREAUX and a number of others reaches such a balance. The Democratic leadership proposal reaches that balance, as does conservative Democrats' budget in the House of Representatives. Whether or not a particular budget adequately funds Medicare, Medicaid, education, the national defense, or does the right thing with respect to taxes, with respect to working Americans, however, is a question of opinion. It is the view of this Senator and the view of the Senator from New Mexico that each of those goals was and is appropriately met by the Balanced Budget Act of 1995.

Members on the other side of the aisle and the President do not agree. Presumably, they feel that each of those goals is met by the Democratic leadership budget proposal. They feel, evidently, that it deals appropriately with the tax burden on middle-class working Americans, even though that proposal increases taxes overall in order to reach balance. I disagree with that proposition as they disagree with my views on various spending programs. But these are matters of opinion; these are matters which obviously are subject to compromise.

What we have gained at this point is the implicit agreement that the President of the United States, now for the first time, will join the conservative colleagues in his party in the House, his leadership in the Senate, and make his proposal, presumably with specific policy judgments with respect to each of these spending items—to the national defense, to our tax structure—that will meet the objective requirements of the Congressional Budget Office.

Only when we have these figures is there any real chance that we will succeed in reaching a middle ground that will objectively lead to a balanced budget by the year 2002 and subjectively, presumably in the minds of those Members of Congress who vote for it in both parties and the President who signs it, meet these other policy objectives as well.

So, Mr. President, I am not here to apologize and say that this is the best job we could do. I find it at least slightly amusing that we are accepting lock, stock, and barrel what the House of Representatives has proposed with respect to the specific language in these various resolutions. But, on the other hand, I think it is safe to say that we probably would not have reached this conclusion this quickly had it not been for the actions earlier this week and late last week by the distinguished majority leader in saying that we had to get out of the dilemma in which we found ourselves.

It does seem to me, however, that given the nature of the immediate crisis we face, as well as our overall goals of balancing the budget, that we have not done a slap-dash job, we have not done a second, or third-best job. We have done the job right. We will have solved the immediate crisis, and we will have made a gigantic step toward that magnificent goal of balancing our budget; of ending the practice of spending money today on things that we want and sending the bills to our children and grandchildren; of giving them higher incomes, as now is almost a common opinion of economists throughout the United States, by lowering the burden of debt which they will be required to carry; by making their futures brighter and making their futures brighter our own as well.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT—MESSAGE FROM THE HOUSE

The PRESIDING OFFICER. If the Senator from New Mexico will forbear for a moment, the Chair wishes to announce that under the order of September 6, 1995, the Senate, having received a message from the House on S. 1124, therefore disagrees with the House amendment, agrees to a conference with the House, and the Chair appoints the following conferees which the clerk will state.

The Presiding Officer (Mr. WARNER) appointed Mr. THURMOND, Mr. WARNER, Mr. COHEN, Mr. LOTT, Mr. NUNN, Mr. EXON, and Mr. LEVIN conferees on the part of the Senate.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

A CLEAN CONTINUING RESOLUTION AND BALANCED BUDGET ACT

Mr. DOMENICI. Mr. President, we are here tonight to talk about two important issues—one is the short-term outlook for the operation of the Federal Government, and the other is the long-term economic future of the Nation.

The Senate is now considering a continuing appropriations resolution [CR] that will reopen the Federal Government and put our Federal employees back to work with pay. This CR will operate the Federal Government for 3 weeks through January 26 and give the congressional leadership and the President the opportunity to again try to agree on a balanced budget plan.

This CR has a reasonable requirement that the President should now present a budget plan that reaches balance over 7 years using CBO estimates. The President committed to this goal when he signed the continuing resolution last November (H.J. Res. 122 Public Law 104–56), but he has yet to submit a balanced budget by CBO scoring.

CHRONOLOGY FOR BBA

Mr. President, the President submitted his fiscal year 1996 budget to Congress on February 6. At the same time, the new Republican Congress was undertaking the long overdue task of balancing the Federal budget.

Congress has worked for over a year now, Mr. President, to bring that goal to a reality. The Senate Budget Committee, which I chair, held 22 hearings on the budget through early August.

The Senate Budget Committee held 4 days of markup and considered 36 amendments in fashioning the balanced budget resolution. The Senate debated the budget resolution for the full 50 hours over 6 days during which time 76 amendments were offered.

To carry out the reconciliation instructions of the budget resolution to develop the Balanced Budget Act, 11 Senate committees drafted legislation. The reconciliation bill was considered by the Senate for 45 hours over 3 days, during which 66 amendments were offered.

After a conference on this significant legislation, the House and Senate approved the conference agreement on the Balanced Budget Act before Thanksgiving, and the President came back and vetoed the bill on December 6.

BBA NEGOTIATIONS

Mr. President, I am not one to give up on a difficult task, and the President's veto did not deter me. Since the veto, I have met with White House officials and congressional leaders to try to find common ground on a Balanced Budget Act.

I am not alone in this effort. Republicans have been willing to move toward the President's position on many major issues. In a proposal Republicans made to the President, we proposed providing another: $24 billion to medicare; $16 billion to medicaid; $12 billion to welfare-related programs, including the EITC; and $25 billion in funding for education, the environment, and other domestic priorities.

In total, Republicans offered to add back $95 billion to move toward meeting some of the President's concerns about the Balanced Budget Act.

Republicans have also made it clear that all issues are on the table for the negotiations. We have had discussions with the White House on the tax cuts included in the Republican BBA.

MEDICARE

Medicare spending in the Republican Balanced Budget Act grows at an average rate of 7.4 percent a year over the next 7 years, that's well more than twice the rate of inflation. Just 2 years ago, the President said that if you slow the growth of Medicare to twice the rate of inflation, you are not cutting Medicare.

Our Medicare savings are down from $226 billion over 7 years under CBO's reestimate of the BBA to $202 billion in our latest negotiations with the President. We would spend $1.7 trillion over the next 7 years on Medicare under this proposal.

In addition, the President expressed concern about the Medicare part B premium, and we have offered him a compromise on that issue.

Our goal is to make the entire Medicare Program sustainable in the long run, and Republicans believe our plan makes a significant start on this path. Under our plan, the Medicare part A trust fund would be solvent past the year 2017. Our plan would also slow the growth of part B spending to move it toward a sustainable path.

In all of these negotiations we have indicated our willingness to further discuss with the President the changes we propose to make to the Medicare Program to ensure its solvency.

MEDICAID

Medicaid under the Balanced Budget Act that the President vetoed, would grow at an average annual rate of 5.2 percent over the next 7 years. This translates into Federal spending of $700 billion over the next 7 years. When you add in State spending, that doubles to $1.4 trillion.

I think the issue in Medicaid is not the level of savings or the growth rate of Medicaid spending, but how much flexibility we are going to give the States to innovate within their own Medicaid programs.

The President says we are cutting Medicaid, but he ignores the fact that spending for Medicaid will go up each and every year under our budget plan.

The President has expressed concern about the need for Medicaid funding to adjust for changes in population and for economic fluctuations. I think the President has a good point, and I think it is worth looking at modifications to our Medicaid plan that can meet these needs.

WELFARE REFORM

On welfare-related programs, Republican's have added back $10 billion plus another $2 billion for the EITC.

For welfare programs, as for Medicaid, the President wants to keep more control here in Washington; we want to give that power back to the States and allow them to meet the real needs of their citizens by designing their own welfare and Medicaid plans.

OTHER BUDGET PLANS

In addition to the modified Republican BBA, the House Coalition, Blue Dogs Group, has offered its own balanced budget proposal, which meets the CBO test.

Senate Democrats have offered their own BBA—DASCHLE, SIMON, and CONRAD—as has the Bipartisan Senate Group—CHAFEE, BREAUX, and others—that all reach balance under CBO scoring—see attached table.

In addition 2 days ago, Senator MOYNIHAN offered his own balanced budget proposal, which would also get us to a balanced Federal budget.

Mr. President, the only party that has not met this challenge is the President of the United States.

It is now time for him to come forward, to present a balanced budget plan under CBO's scoring, to sign this continuing resolution to reopen the entire Federal Government, and join Congress in serious negotiations to balance the Federal budget for the Nation's future economic well-being.

FISCAL DIVIDEND

A balanced Federal budget is good for the country. In CBO's December update of the budget and economic outlook, CBO finds lower interest rates and more robust economic growth generated by a balanced budget yielding $282 billion in deficit reduction over and above specific policy savings.

Additional deficit reduction is generated because: real GDP will grow 0.1 percent per year faster than it would absent a balanced budget; corporate profits will reach 8.2 percent of GDP by 2002 compared to 7.1 percent without balancing the budget; short-term interest rates on Treasury bills will drop from a 1995 level of 5.5 percent to a 2002 level of 3.9 percent. Under the status quo, they would be 5.1 percent in 2002; and long-term interest rates on Treasury notes will fall from a 1995 level of 6.7 percent to a level of 5.5 percent. Without a balanced budget, the rate will remain at 6.7 percent.

Mr. President, this is only a broad brush of the CBO update, however, the new assessment represents a $112 billion increase over the $170 billion fiscal dividend included in the balanced budget resolution.

A balanced budget is good for all Americans. It will provide lower interest rates for home mortgages, college loans, car loans, and so forth, an increase in savings rates spurring real, job-producing investment, increased productivity, higher standards of living, a lower national debt and therefore lower Government interest costs, and less reliance on foreign borrowing.

It is time for Congress and the President to renew efforts to reach agreement on a balanced Federal budget by the year 2002 under CBO's scoring.

I ask unanimous consent that two tables and an explanation of how American families benefit from a balanced budget be printed in the RECORD.

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

CHANGES TO BALANCED BUDGET ACT OF 1995 [1]—GOP OFFER NO. 1

[In billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total
December BBA reestimate	151	159	127	97	73	34	−3	
Changes to BBA:								
Nondefense discretionary	4	6	5	5	5			25
Medicare	3	6	5	4	3	3		24
Medicaid		2	5	4	4	1		16

CHANGES TO BALANCED BUDGET ACT OF 1995 [1]—GOP OFFER NO. 1—Continued

[In billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	Total
Child care, social services, foster care, children's SSI, family support, and child nutrition	[3]	1	2	2	2	2	2	10
EITC	[3]	[3]	[3]	[3]	[3]	[3]	[3]	2
Technical changes [2]	−2	1	1	1	[3]	−1	−2	−2
Revenues	6	−6	[3]	−1	−1	−2	−2	−5
Subtotal policy changes	12	10	18	16	14	3	−1	71
Debt service	[3]	1	2	3	3	4	4	17
Resulting deficits	164	170	146	115	90	41	−0	.....

[1] As reestimated by CBO, December 12, 1995.
[2] Corrections of drafting errors, timing changes in FCC spectrum auction, foster care, and graduate medical education provisions.
[3] Less than $0.5 billion.

Note: Details may not add to totals due to rounding. Revenue increase shown as negative because it reduces the deficit.

Prepared by SBC/HBC Majority Staff, Dec. 15, 1995. Based on CBO estimates.

SEVEN-YEAR DEFICIT REDUCTION ALTERNATIVES—CBO ESTIMATES

[Deficit impact, 7-year totals, in billions of dollars]

	BBA I (HR 2491)	BBA 1 modified (12/15/95)	Clinton (12/15/95)	Coalition (12/19/95)	Senate Democrats (12/20/05)	Senate bipartisan (12/21/95)
Discretionary:						
Freeze	−258	−258	−258	−258	−258	−258
Additional	−151	−126	−1	−69	−39	−10
Subtotal discretionary	−409	−384	−259	−327	−297	−268
Mandatory:						
Medicare [1]	−226	−201	−97	−157	−90	−154
Medicaid	−133	−116	−38	−85	−51	−62
Welfare programs [2]	−87	−78	−38	−38	−44	−58
Other mandatory:						
Farm	−5	−5	−2	−4	.....	NA
Student loans	−5	−5	−4	.....	.....	NA
Civil Service [3]	−10	−10	−2	.....	−10	NA
Spectrum	−15	−15	−21	−21	−21	NA
Veterans	−7	−7	−4	−5	−7	NA
CPI change	.....	.....	.....	−29	−12	−63
GME/health care	14	14	26	.....	.....	.....
Other	−12	−12	−1	−18	−3	−52
Subtotal other	−39	−39	−8	−77	−52	−115
Subtotal mandatory	−484	−434	−176	−357	−237	−389
Revenues [4, 5]	222	217	70	−60	−56	58
Debt service	−80	−63	−47	−99	−69	−62
Total	−750	−663	−412	−843	−659	−661

[1] Coalition budget medicare savings include $127.3 billion in outlay reductions and $25.4 billion in revenue increases.
[2] Excludes EITC revenues. BBA I Modified shows preliminary CBO cost estimate of the conference agreement on H.R. 4. Clin * * * include medicaid impact (no estimate available).
[3] BBA I Modified and Senate Democrat include $3.5 billion in revenue increases.
[4] Includes EITC revenues for all plans. Excludes BBA I Modified and Senate Democrat civil service revenues. Excludes Coali * * * Includes Coaltion welfare reform revenues ($5.7 billion). Includes increased revenues from CPI change for Coalition ($21 bil * * * ($7 billion) and Senate Bipartisan ($47 billion).
[5] Clinton includes proposal to ''trigger-off'' tax cuts if balanced budget targets are not being met. JCT estimates savings of $29 b * * * $45 billion.
Note: Pereliminary CBO estimates—subject to change. Revenue reduction shown as positive because it increases the deficit. Details may not add to totals due to rounding. NA indicates not available or no agreement.

Prepared by SBC Majority Staff, Jan. 5, 1996.

HOW AMERICAN FAMILIES BENEFIT FROM A BALANCED BUDGET

Balancing the budget will provide direct and tangible benefits for American families—benefits they will be able to feel in their pocketbooks.

Economists agree that balancing the federal budget will lead to: Higher standards of living; Faster real economic growth; Drop in interest rates, including those that families pay on home for home mortgages, car loans, and student loans; An increase in savings rates, spurring real, job-producing investment; An increase in productivity; Lower national debt, therefore lower government interest costs; and Less reliance on foreign borrowing (more American ownership of assets).

Home mortgages

Mortgage rates will drop from 8.2 percent, to 5.5 percent (according to the National Association of Realtors using projections by DRI/McGraw-Hill).

A family buying a home in 1995 with a $100,000 loan and refinancing in 2002, when the budget is balanced, will save $2,576 a year.

A family who buys a home in 2002 will save $2,162 a year because of the lower interest rates. Over the 30-year life of the mortgage, the savings will total $64,860.

The value of existing home will grow by about 8 percent.

Household net worth will expand by $1.1 Trillion. The increased home values will not make homes less affordable because financing costs for a home will decline by 15 percent.

Demand for homes will increase. Families will ''trade up'' so existing home sales will rise by 11 percent by 2002. Construction will increase as new housing starts grow by 65,000 units.

Auto loans

Car loan payments decline by $180 annually, for a total savings of $900 for a typical loan (assuming a 2-percentage point drop in interest rates on a five year, $15,000 auto loan at 9.75 percent).

College loans

College loan payments will drop by $216 annually, for a total of $2,617 for a typical loan (assuming an $11,000 loan paid over 10 years starting at 8 percent).

Savings for these three loans total $2,558 annually (Car—$180, Student—$216, Mortgage—$2,162).

Interest rates

Federal funds rate lowered from baseline estimate of 5.2 percent in 2002 to 3.5 percent in that year. Thirty year treasury bond rates reduced from 7.2 percent to 4.5 percent in 2002.

National debt

In the current services baseline, outstanding national debt rises to $7.5 trillion by 2002, with an annual debt servicing cost of $290 billion. Budget Resolution would reduce total debt to $6.5 trillion in 2002, with a debt service cost of $182 billion. The savings in interest does half the work of balancing the budget, which means the Congress only has to do the other half.

The economy

Inflation is essentially unchanged. Real gross Domestic Product will increase relative to baseline by almost $100 billion per year by 2005. Balancing the budget by 2002 has a positive impact on the overall economy and the housing market. Eliminating deficits allows interest rates to decline and redirects the economy from government spending and consumption toward savings and private investment.

Mr. DOMENICI. Mr. President, the hour is late. Much has been accomplished today.

I want to extend my congratulations to the distinguished majority leader, Senator DOLE. The day before yesterday, all was not so pleasant for there were many who were second-guessing our majority leader who used the phrase ''enough is enough,'' and proceeded to send to the House a targeted appropriations bill which broke the ice and which brings us here tonight.

As I see it, we are now given 21 days without the problem of the Federal Government workers being out of work and unpaid—21 days, if the President of the United States will submit his first balanced budget using the Congressional Budget Office estimates. If he does that, all of Government will be

open for 21 days, which means for the next 3 weeks congressional leaders from both sides—the executive branch, the President, and others—can meet day and night if they like, as long and as hard as they want to work, and Government will be open. The people of the United States can focus on what we are doing in our efforts to get a balanced budget instead of on the current problems which, day by day, grow worse for many innocent people, including many Federal workers who are hostage to this crisis.

I personally believe, as one who is in the middle of all of these negotiations, that we can accomplish much more with the pressure of day-to-day problems of our Government being part closed, part furloughed and part working behind us. I believe we have an opportunity to use our good judgment to see if we can really come to an agreement with the Executive Branch and the Democrats on a balanced budget.

Mr. President, I have outlined the history of how we got to where we are tonight. I want to summarize a little bit of it.

First of all, after months of work, scores of hearings, scores upon scores of amendments on the floor of the Senate, both on a resolution and on a bill, we sent the President a balanced budget. He vetoed it. The full impact of what happened on that ominous day of veto was lost because we were already in the crisis of Government being half shutdown, half furloughed, and the attention of the American people taken away from that by the more daily crisis of our Government in crisis, our day-to-day Government operations in crisis. But when that budget was vetoed, we worked very hard to get the people back to work, and we passed a continuing resolution.

That continuing resolution we thought said that the President would produce a balanced budget using the Congressional Budget Office conservative numbers. But the President and his people construed it differently, and construed it to mean that finally and ultimately when we were all finished we would use the Congressional Budget Office. In that resolution, the Democratic leaders and the President said there is another part to it—that continuing resolution, that short appropriations for the continuation of Government—there is another portion of it that says you have to look at, or take another look at, education, the environment, Medicaid, Medicare, and myriad things amounting to about 10 specific items.

Mr. President, again, Republicans—and I was one that took the lead—did not want to give up on the balanced budget that was vetoed. So what we did was to ask the Congressional Budget Office at the particular time of year that they are supposed to look again at budgets to take another look.

Mr. President, they said the balanced budget has done such a good job that there is actually a surplus of $135 billion that you did not expect you were going to have because of changing economics and estimates. In response to that continuing resolution, we made another offer to the President of the United States. It got lost in the myriad of noises because the Government was in chaos.

What did we do with that? We took that $135 billion surplus and said, ''Mr. President, we take you at your word. You want us to change some of our balanced budget, and we changed it, Mr. President.'' In fact, we put in sufficient money to take care of the education concerns of the President, and that should no longer be an issue. It is still being touted, but we have already submitted an offer that puts back the money for education, for the environment, and for other appropriated accounts. We already did that. We put back $5 billion in outlays in the year 1996, which is more than has been sought for those particular programs and others. And then, Mr. President, we said, let us look back through our proposals and use some of that $135 billion to change the situation where it would move more in the direction of the President.

We put $25 billion into Medicare, $16 billion into Medicaid, $12 billion into related welfare programs, including EITC, $25 billion was the funding for education and environment, and other domestic programs. What was left of that $135 billion we put on the deficit, and we said, here is a new proposal.

Again, there are not 10 people that know that occurred, but it did occur. So we did relate totally and respond totally to our commitment under the continuing resolution that we would do better in these areas and at the same time have a balanced budget.

Mr. FORD. Mr. President, will the Senator yield for a question, a serious question?

Mr. DOMENICI. Sure. I am only going to be 5 more minutes. Is that your question?

Mr. FORD. No. It is my understanding that when you related to figures that you reduced the amount of reduction using $135 billion, that the White House on December 15th moved toward your figures—moved toward your figures on discretionary, moved toward your figures on Medicare, moved towards your figures on Medicaid, did not move toward your figures on earned income tax credit—you did come down $12 billion on that over the 7 years. I kind of thought that both sides were beginning to work together.

Mr. DOMENICI. I am not arguing about whether we did or did not.

Mr. FORD. I am not arguing with you either. But I want to be clear. I worked Saturday. I worked Sunday. I put in what I thought were long, hard days, and we moved toward you. And I congratulate you, you were moving toward us. I just thought we were on the right track rather than getting into the mess that Senator HATFIELD and others think we are in as it relates to appropriations bills.

Am I correct in my statement?

Mr. DOMENICI. No, the Senator is not correct.

Mr. FORD. What is wrong with it then, if I might ask?

Mr. DOMENICI. Whatever you submitted—and I do not have the numbers here, but the one missing part of it was you never got to a balanced budget. Whatever you submitted, you did not get to a balanced budget.

Mr. FORD. The Senator does not have one now either unless you use Social Security.

Mr. DOMENICI. Wait a minute now. I am not going to yield any longer. I yielded for a question.

Mr. FORD. That will be fine. But you are out here saying a lot of things.

Mr. DOMENICI. No, I am not.

Mr. FORD. I apologize; the Senator is saying a lot of things that I disagree with.

Mr. DOMENICI. Fine.

Mr. FORD. I do not want to leave it without having some opportunity to defend our side of the aisle.

Mr. DOMENICI. To my knowledge, the Senate will be open here for a few more minutes.

Mr. FORD. I am going to take time.

Mr. DOMENICI. I welcome the Senator's remarks. I really do. I just want to finish my thoughts because I wanted to get to a very simple point, that we have modified our proposal and we are still in balance under that proposal. And as my friend, Senator GORTON, who occupies the Chair now, clearly said, not only did we resubmit another balanced budget using the Congressional Budget Office, but the blue dogs in the House—that is a group of Democrats—have submitted one that gets to balance. A group of Senators, 20 in number, 10 from each side, has submitted the framework for one that is in balance using the Congressional Budget Office. Senator MOYNIHAN within the last 3 days has submitted one. And frankly, I think the House did us all a service when they sent us a continuing resolution that will open all of Government if just one simple thing is done, and that is if the President will join this litany of different institutions within our framework that have produced a balanced budget using CBO. If he will join us, then all of Government is opened and funded at reasonably good levels for 21 days from today.

Now, having said that, I wish to make sure that everybody understands I am not trying to say everything my way. I will state it as I view it and the Democrats can state it as they want to. But when they submitted a counterproposal, they did not move an inch on Medicare, an inch on Medicaid, in December from their June proposal.

That is the statement that I will stand by, and if the Senator can dig up a budget and say that that is not the case, then I will be glad to revoke this.

Now, I am here because I still believe the American people should know that this is not a mere philosophical difference between Democrats and Republicans. This is an issue of whether we

want to make America a better place in the future by balancing our budget sooner rather than later. It is a question of whether we want interest rates to come down and stay down, save millions and millions of dollars for average Americans in houses they buy and mortgage, in cars they buy and mortgage, in school tuition where they borrow money, in every aspect of America's life, to make it easier and better and make America grow stronger through the private-sector growth that a balanced budget will permit us to accomplish.

That is what this whole debate is about. And frankly, tonight I am grateful to our leader, Senator DOLE, to Speaker NEWT GINGRICH, who apparently had to argue loud and strong in the House to get these resolutions passed and get them to us here tonight, to rid us of the confusion of a half-open, half-closed American Government. I believe we have a real chance.

I do not know how close we are, Mr. President, and to those who are listening, I do not know how close we are to getting a balanced budget, but I tell you, everybody has to give. Everybody has to give. And I believe we are prepared to give. I will state once again that we already put $95 billion more on the spending side into the budget that the President vetoed—that is over 7 years—in areas that the President was concerned about. That has already been done as another marker of our good faith, of our movement in the direction that we have been asked to move in. Now, in the next week, 10 days, we will see if there is additional movement both ways. I hope there is.

I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Virginia.

Mr. WARNER. Mr. President, before the distinguished Senator from New Mexico leaves the floor, I would like to express my views, and I think I express them for Senators on both sides of the aisle, not only to the Senator but the Senator from Nebraska, the ranking member on the committee, Senator EXON, for their leadership in this crisis. I have been privileged to be in a number of meetings with the Senator, the majority leader, the Speaker of the House, and others, Mr. KASICH, his counterpart in the House, and I wish to commend the Senator.

Mr. DOMENICI. I thank the Senator very much.

Mr. WARNER. When the history of this unusual chapter in the 206-year life of the Senate, indeed, the Congress is written, there will be a prominent place for the Senator despite his humility.

Mr. DOMENICI. I thank the Senator.

Mr. FORD. Mr. President, may I join in. I do not want to leave the impression that I do not feel the same way about the Senator from New Mexico that the Senator from Virginia feels toward him——

Mr. DOMENICI. I thank the Senator.

Mr. FORD. Personally, his effort, the long hours and how hard he works. It is just like the distinguished Senator in the chair has indicated: We have a difference, and we need to let everything else go on while we settle that difference. And I thought—and I still sincerely believe it—that there was an offer to move toward you. The Senator says no. I say yes. And that seems to be the budget problem here.

But I do want people to know I like him personally. He is my friend. He works hard, and we are very close to being together. So I did not want the Senator to leave and the people viewing to think we had anything personal.

Mr. DOMENICI. I thank the Senator.

Mr. FORD. It was just a disagreement on how we are going to get to the balanced budget. I thank the Chair and the Senator for giving me an opportunity.

Mr. DOMENICI. Mr. President, I say to the Senator, the feeling is mutual. I thank the Senator for his kind words, and I extend the same to him. Thank you very much.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. I also wish to include Congressman ARMEY, who was in most of the meetings in which I joined.

ARMED SERVICES AUTHORIZATION

Mr. WARNER. Now, Mr. President, I wish to also pay special recognition to the distinguished senior Senator from South Carolina, the President pro tempore of the Senate, Senator THURMOND.

Just minutes ago, when I had the opportunity to be the Presiding Officer, the Chair announced the appointment of conferees upon the receipt of the message from the House, conferees to resume negotiations between the Senate and the House for hopefully the adoption of the authorization bill for the armed services of the United States. Senator THURMOND, together with Senator NUNN, has worked tirelessly to put together an excellent bill. It was vetoed, and I shall not review the reasons. The President had his reasons, many of which I continue, not all, to disagree.

Nevertheless, that is history. It is behind us. The veto message is back. The veto message was carefully considered by Senator THURMOND, Senator NUNN, myself, and other members of the committee here yesterday and again today. Staffs are now diligently working on an agenda to be considered by the conferees, and I am very optimistic that we can produce a conference report which will be accepted by the Senate as well as the House and eventually the President.

Again, I wish to commend the leadership of the distinguished senior Senator from South Carolina and, indeed, the ranking member, the Senator from Georgia [Mr. NUNN], in bringing this matter back up, such that the second conference can hopefully produce a bill that will be accepted by the Congress and the President. It is essential to the Armed Forces of the United States.

There are key provisions in this bill, not the least of which are pay raises, well deserved by the men and women of the Armed Forces, key provisions relating to new programs which are essential for the modernization. And I want to express special tribute to the Secretary of Defense and members of his staff for informally working with the staffs of members of the Armed Services Committee of the Senate, for the majority and minority, in giving us guidance on how this conference report can embrace the views of both the President and the Congress such that it will become law.

Mr. President, I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

USING SOCIAL SECURITY FUNDS TO BALANCE THE BUDGET

Mr. FORD. Every once in a while you worry about whether you remember things right or not, and so you have to go back and check on it to be sure.

The distinguished Senator from Idaho and I were debating. I was speaking, and I said something about this budget that the Republicans had offered was not balanced in the year 2002 by $108 billion unless you used Social Security. And he asked me, had not Democrats used that before, and I told him I had not known that, but for 12 years we had Republicans who were President and they signed or vetoed legislation.

So now I have a little information I wish to put into the RECORD, or at least read into the RECORD, Mr. President. In response to Senator CRAIG on the use of Social Security trust funds, and more importantly for future reference I think, the following points I think are relevant.

It is the law—and let me underscore that now—it is the law. Both the Social Security law—it is attached to title XLII, section 911—and the Budget Act, title II, section 3631, mandate—and I underscore mandate—that ''the social security surplus shall not be counted in budget deficit calculations by the Congress.''

That is why the budget resolution passed earlier this year showed a deficit. You talk about honest figures. I have heard honest figures held out in front of me until it dripped. That meant my figures were dishonest. I do not particularly like that. But it showed a deficit of more than $100 billion under the Republican plan.

The Senate Democrats did—and I want to underscore did—offer a budget plan to balance the budget without using the Social Security Trust Funds, and not one that the Republicans supported. It was a 9-year budget, Mr. President, but we did not use the Social Security funds.

Just take a look at the budgets submitted by Presidents Bush and Reagan,