The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURNS). Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, are we under any parliamentary rules?

The PRESIDING OFFICER. We are in morning business. The order was that Senators may speak up to 5 minutes each.

Mr. DOMENICI. I ask unanimous consent that I be permitted to speak for 10 minutes.

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

THE BUDGET NEGOTIATIONS

Mr. DOMENICI. Mr. President, might I first indicate that my purpose in the next 10 or 15 minutes is to tell my colleagues, and to the extent possible the American public that might be watching, where I see things in this recessed budget discussion. I want to be very frank. I am disappointed and somewhat let down that we have not come to an agreement. I do not fault anyone for dedicating time and effort. In many respects, the time and effort spent in the White House is probably rather historic. I am not disappointed that that effort has taken place and that the President, Vice President, the leaders, Republican and Democratic, of the Congress, have indeed spent a great deal of time, effort, and energy in what I presume and must state, at least as I view it, to be a serious effort to try to get the American people what they so desperately want, and that is a balanced budget in 7 years, which is real, using Congressional Budget Office economics.

So it is an understatement to say that I am disappointed, but I also do not know if we will be able to reach an agreement with the administration. I choose to try very hard to state it as best I can from what I know.

It is quite possible, on the other hand, that working with congressional Democrats from both the House and the Senate that we could come to a proposal that would make fundamental reforms to Federal entitlement programs, make fundamental changes to Federal programs, redirect many of the programs out of Washington back to the States, and get a balanced budget in 7 years using the Congressional Budget Office estimates and economics. Maybe then the President and his administration would take more seriously the proposals we have worked so hard for over 1 year to reduce to a document called the balanced budget No. 1, which the President vetoed not so long ago.

I would like to make it very clear, yes, the President finally submitted a budget scored by the Congressional Budget Office before the blizzard began last Saturday night that mathematically got to balance. But even some of the President's own people have admitted that that budget was designed to meet the requirement of the continuing resolution, the targeted resolution, the continuing resolution to put all of Government back to work and which had as a condition of its effectiveness that the President submit for the very first time a balanced budget using the Congressional Budget Office figures.

Let me repeat. That 1996 blizzard budget that the President submitted, many believe was given to the American people and to us so as to comply with the technical requirements, and that it was not the kind of budget the President could have expected we would accept. Even some of the President's people have stated that it was designed to give us the requirements of that continuing resolution to reopen Government on Monday.

The Washington Post criticized that blizzard budget as ''paper balance.'' Mr. President, I ask unanimous consent the Washington Post's editorial, a rather lengthy one, styled ''Paper Balance,'' be printed in the RECORD.

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

[From the Washington Post, Jan. 9, 1996]

PAPER BALANCE

The balanced budget plan that President Clinton submitted Saturday night would achieve all kinds of things, but a balanced budget is likely not among them. In submitting a plan that on paper would balance the budget in seven years using Congressional Budget Office economic and other assumptions, the president met the condition set by congressional Republicans for reopening the government. He may have helped to move along the budget talks as well, and the plan would largely protect the major forms of federal assistance to the poor, an important goal.

That's the good news. The bad is that to get to balance while achieving a string of other policy goals the plan relies on gimmicks that almost no one believes would survive and produce the deficit reduction claimed for them. It's true that some of the same or similar gimmicks can also be found in the Republican proposal to balance the budget. No doubt the fact that they're gaming the issue in similar ways is a comfort to both sides. It ought not comfort anyone else.

1. The president persists in giving a tax cut. His is smaller and better targeted than the one the Republicans propose. It nonetheless is more revenue than a government looking at deficits approaching $1 trillion a presidential term should forgo. To get to the promised balance by the year 2002 despite the tax cut, the president then pretends that the cut will be allowed to lapse in the year 2000, and no matter that that year, like this, happens to be an election year. Once the cut lapses, even if only on paper, there isn't any revenue loss to record—not for now, anyway. For now, you tell the voters they can have it all—yes to a tax cut, yes to a balanced budget but no to spending cuts in programs they like. It will be up to someone else to tell them later—always someone else and later—that the math can't be made to come out that way.

2. Half the spending cuts in the president's plan would be achieved by imposing tight caps on the part of the budget subject to the annual appropriations process. It's a wonderful way to cut spending, because once again the hard decisions are deferred. You don't have to say which programs or which constituencies you expect to bear the burden; that will be up to the appropriators to decide as they apportion the available funds year by year. For now, you just get a free vote in favor of economy in the abstract. The vote is all the easier because, in the president's plan as in the Republicans', the caps are backloaded. Sixty percent of the cuts would be deferred until the last two of the seven years, after the turn of the century.

Assume that almost all the cuts would occur in domestic appropriations as distinct from the military budget, which the president has said he thinks should remain pretty much on the current path. In real terms, this domestic total—the operating budget for the entire domestic side of government—would have to be cut about a third to stay beneath the cap in the seventh year. Hardly anyone, least of all anyone in the administration, thinks a cut of that magnitude is possible without doing enormous damage to government services. The president makes the math even more implausible by saying he intends to protect the chunks of the budget having to do with education, the environment and such that he particularly supports. That means he would have to cut the balance all the more. What will it be? Housing programs? Veterans programs? Highway grants? The space program? You wait in vain for the answer.

3. A lot of economists think that if the budget is balanced, interest rates will ease, and that the lower rates will stimulate greater economic growth. The government would then reap a double dividend. Its own considerable interest costs would go down and tax revenues, up. Call it a reward for good behavior. The Republicans claimed the reward and folded it into their budget estimates in advance. The administration is doing the same thing on perhaps an even weaker basis.

The Republican budget contains its own illusions. The tax cuts the Republicans propose are heavily backloaded. They were carefully designed to keep their full effect from being felt until after the seven years for which, under the rules, the budget estimates were made. From just the seventh year through the 10th, the likely revenue loss from their enactment would increase by 75 percent. You balance the budget in the seventh year, then begin to unbalance it all over again unless deeper spending cuts are made.

If the goal is to balance the budget, there ought not be a tax cut. Not the modest one proposed by the president, and surely not the Republican gusher, either. If the further goal is to achieve a durable balance or near enough without inflicting an undue burden on the poor, you have to go after the major programs that benefit the middle class, in particular the two great forms of aid to the elderly that dominate the budget, Medicare and Social Security. The Republicans proposed a restructuring of Medicare this year, a mix of some good ideas and some bad, for both of which they are being made to pay at the polls. The Democrats have positioned themselves as protector of the program, and never mind the pressure it puts on the rest of the budget and other programs they also seek to protect. Neither party wants to cut, or to be the first to propose cutting, Social Security, even by limiting the cost-of-living increases in benefits for a number of years.

As a partial alternative to going after these programs, the president has now proposed cutting some of the tax breaks that go under the label corporate welfare. But it isn't clear how hard he will push for those in what is likely to be an inhospitable Congress; he hasn't pushed much in the past.

Both parties now claim to want to neutralize the deficit. To do so without also doing social harm, each has to abandon some political reflexes, the Republicans above all on taxes, the Democrats on Medicare. What we find out now is whether they can or will.

Mr. DOMENICI. Maybe, as one of our Senators has indicated, since it was a blizzard budget it should be categorized as ''snow job,'' because, although it gets to balance in 2002, only by raising taxes in the last year and back-end loading 70 percent of the nonfreeze discretionary savings in that year could you get there. The plan made little or no fundamental changes to Medicare, which is going broke, and which many say we cannot afford in its current form; Medicaid, which is growing at 10.5 percent, and everyone says we cannot afford and must be reformed to save money and become more flexible at the State level.

It made no serious change to Federal welfare programs that had been supported in the Congress in a bipartisan manner here on the Hill. Indeed, as we know today, the President has now even vetoed the welfare reform bill that we sent him before the holidays.

I ask unanimous consent to have printed in the RECORD, so that those who want at least my version of where we are, and I hope it is authentic, a table that compares the President's blizzard budget of last Saturday night compared to the Republican bipartisan plan which we submitted to the President. My best analysis of that is encapsuled in a table which is called ''Comparison of Latest Offers.'' One is called ''Clinton'' for the President. I am referring to that in these remarks as the blizzard budget. The bipartisan Republican budget is one that we melded from various reforms that were supported by significant numbers of Democrats. Those who will take time to study this comparison will discover that the Republican bipartisan budget proposal attempts to fundamentally change entitlement programs by over $400 billion, over the next 7 years, nearly $132 billion more than the President.

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

COMPARISON OF LATEST OFFERS—JAN. 6, 1996

[Seven-year total deficit impact, in billions of dollars]

	Clinton	Bipartisan/Republican	Difference
Discretionary:			
Freeze	−258	−258	.....
Additional	−37	−91	54
Subtotal discretionary	−295	−349	54
Mandatory:			
Medicare	−102	−154 to −168	52 to 66
Medicaid	−52	−85	33
Welfare programs	−39	−60	21
EITC	−2	−15	13
Subtotal	−195	−314 to −328	119 to 133
Other mandatory	−69	−69	.....
Subtotal mandatory	−264	−383 to −397	119 to 133
Revenues	24	177	−153
CPI assumption	−17	−17	.....
Debt service	−57	−60	3
Total deficit reduction	−609	−651 to −665	42 to 56

Note.—Revenue reduction shown as positive because it increases the deficit.

Mr. DOMENICI. Now, the Republican, GOP balanced budget versus the budget that we offered, that we call bipartisan—when you do that you get an explanation of how far we came in what we offered—and let me just describe those changes. They are as follows.

From $226 billion savings in Medicare over 7 years, we proposed Medicare, Mr. President, between $154 and $168 billion. These are numbers endorsed by bipartisan groups in both the House and the Senate; from $226 to $154 and $168 billion as the parameters for a new program.

Let me say, parenthetically, if you choose to do those reforms, which are substantially less, $60 billion less at the minimum, you can get there as far as the premiums to seniors with the premiums never going up beyond the $77 that the President recommended many, many months ago. So, while the Republicans moved nearly $60 billion lower in Medicare, the President, by his own numbers in the blizzard budget, reduced Medicare savings instead of increasing them, reduced the savings from $124 billion, which the President had heretofore said, in June, to $102 billion.

I understand that late yesterday there may have been some adjustments to that number. I did not get them in their final form. But I gather, if anything, Medicare was returned to its $124 billion level which is a level that is 6½ months old. So, in neither case did much happen there: While we came a low of $60 billion down, nothing happened in the blizzard budget, or the supplement to it, which I do not have in its final form.

Those who understand the budget know that we cannot achieve real balance unless we address these programs that make up over 50 percent of total spending in the Government. And these are the programs that we call mandatory, or entitlements. And, in the comparison chart that I had printed in the RECORD, I have taken the four that we have not been able to agree upon—Medicare, Medicaid, welfare programs, and I choose to put the earned income tax credit in it—the difference between the Clinton proposal and the bipartisan proposal is shown in this box, and it is a rather enormous number: $195 billion in savings versus somewhere between $314 and $328 billion.

Therein lies the major problem in getting a budget that is not mathematical—as alluded to by the Washington Post—but, rather, substantively alters the course of spending in programs that are increasing the most rapidly in the Federal Government, three of which grow at more than 10 percent a year, not sustainable with a gross domestic product growth of 2½ percent. That means the difference in just those programs is between $119 and $133 billion in savings.

Fortunately, there are some other entitlement programs that we seem to get close to agreement on. They are also shown in my comparison and they are the rest of the entitlements. And we are close enough to say that somewhere between $66 and $69 billion is where we are. And that is a significant achievement.

Let me close by speaking for a moment about the tax reductions. Republicans have also significantly and substantially reduced their proposal on tax cuts while protecting and insisting on protection for the family tax credit and a capital gains program which has a serious positive effect on long-term economic growth. While protecting those, we have dropped our tax reductions by $50 billion from the package that the President vetoed. That, too, is shown on the comparison chart which I will have printed in the RECORD for those interested in seeing precisely what is going on.

I believe that the bipartisan GOP proposal which I have been discussing, which has reforms encapsulated in the entitlement changes—that is, returning more of the moneys to the States with flexibility in both welfare and Medicaid—envisioned that the Governors of America will work on those programs with us. So that in saving the money we plan to save, we give them the discretion they need to get the job done better and cheaper. Yet, we are willing to have those Governors work on trying to make certain that some of the people have guarantees of coverage and perhaps even to change the way we have funded the Medicaid block grant in terms of what States are entitled to in the event of disasters economically speaking, or natural, and what they might be entitled to in the event there is sustained caseload growth in their State.

Obviously, we have also said that, if this tax cut in the final year or two—that is, the Republican plan to give middle-income Americans a child tax credit which essentially in its basic form means that a family raising children in America gets a $500 tax break for each child—we believe that should be the cornerstone I repeat, along with capital gains, which I have just described. But we also have said in the event when you put all these reforms and expenditures down on paper and get them costed out by the Congressional Budget Office, if you do not meet the targets of balance in the last year, some portion of the tax cut can be sunsetted in the last year or two as stated by Speaker NEWT GINGRICH heretofore, and Chairman JOHN KASICH yesterday at a press conference.

I repeat that I am very hopeful that the President of the United States with his Democratic allies will submit an offer, a new offer that comes in the direction that I have been discussing today of more significant savings from entitlement reforms, the four that I have described: Earned income tax credit, welfare reform, Medicaid reform, Medicare for the solvency of the fund for a very long period of time, and an adjustment in the premiums to meet the needs of our times.

My view is that the staff can do some work in the next few days. I am hopeful that we can reach some kind of accord on that. But I do believe it is fairest to categorize the status of the discussions as anxiously awaiting a new offer from the President.

Perhaps as my last chart, I would put a composite in the RECORD that I choose to call how far we have moved.

I ask unanimous consent that the chart be printed in the RECORD.

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

HOW FAR HAVE WE MOVED?

[In billions of dollars]

	Balanced budget act: vetoed	Latest GOP offer	Movement
Discretionary	409	349	−60
Medicare	226	154–168	−72
Medicaid	133	85	−48
Welfare	64	60	−4
Revenues	222	177	−45
Total deficit reduction	750	651	−99

Mr. DOMENICI. Mr. President, in the first chart I have the Balanced Budget Act that was vetoed. In the second column, Mr. President, I have the latest Republican bipartisan offer. And in the last column I have the difference. How far have we come?

In discretionary, we have agreed over 7 years to go from $409 billion to $349 billion; $60 billion additional discretionary.

Let me say right now that there is no longer any reason for the President of the United States to say we need a budget that meets the values of the American people. That does not. That takes care of education and takes care of environmental needs. It is obvious to everyone that that $60 billion that we have agreed to add more than covers those two and any other priority discretionary programs the President has been alluding to. Point No. 1. We went $60 billion their way.

Medicare—we went $72 billion their way from $226 billion to a range of $154 to $168 billion. Take the lower of the higher of them, and it is $72 billion their way.

Medicaid—from $133 billion in expected reform savings to $85 billion; $48 billion their way.

Welfare—from $64 billion to $60 billion; $4 billion their way. And the reason that is not a bigger number and need not be is because the U.S. Senate passed a bill with 87 votes. We are basing this principally upon that welfare reform measure. That one may require a couple of billion dollars additional perhaps for child care, or more workfare aid.

Last, on revenues from $122 billion to $177 billion, a $45 billion movement in their direction.

Frankly, I think anyone who will look at the two charts—How far have we moved?—and the comparison that I have alluded to of latest offers dated January 6, 1996, should have a pretty good picture of Republican negotiators led by Speaker NEWT GINGRICH, Congressman DICK ARMEY, and majority leader BOB DOLE on our side. We have made significant movement yet holding to the basic principles which I believe are about fourfold.

First, a significant tax break for working income-producing Americans who have children.

A capital gains tax to stimulate the economy, No. 1.

A reform of welfare as we know it turning it to workfare with a time limit of 5 years imposed on those who use it rather than a lifetime welfare program.

Third, a serious and dedicated effort to make Medicare work without it having to grow at 10½ percent a year. Most medical costs are going down. Our programs of Medicare and Medicaid—because we run them as a country, as a Government—continue upward.

So our third principle is returning that program with some flexibility to the States and saving money, yet building in some kind of guarantee which we think the bipartisan Governors can accomplish.

Our last point is that we believe Medicare ought to be made solvent as to the hospital portion—not for 7 or 8 years but hopefully for longer than that. And in that we must have reforms which permit the seniors of America to stay where they are in the current program, or choose other programs which will save money and provide them a different kind of coverage, whether it is HMO's, managed care, new professional service organization delivery systems, or whether it is major medical coverage with savings accounts. We need to reform the system so that it complies with the needs and delivery systems of today.

Why should we shortchange seniors and keep them tied to one kind of policy of coverage when all Americans have many other choices?

That is our fourth.

And in doing that we believe we will have reshaped Government significantly. But ultimately, so there is no mistake about it, we believe we will have made a significant positive decision regarding interest rates in the future; jobs of the future, they will be better.

Instead of being locked in stagnation, there is a real chance that a balanced budget will turn loose the energy of the marketplace so jobs can increase, so that we are not the generation that says for the first time that the next generation lives more poorly than we did. We want them to have more opportunity. The balanced budget has a chance to do that.

Interest is on everything imaginable, from college tuition to your 1st home or your 2d home, your 1st car or your 10th car. The interest rate is a burden. If it comes down dramatically, everybody gains, businesses flourish because it does not cost them as much to do business.

So the big principles I have enumerated and the big effect is a better life for our children, getting rid of the legacy that we leave them now, which is, ''you pay our bills,'' to a legacy of ''we pay our bills. You save your money for what you need. You don't pay your hard-earned money for what you didn't choose to pay for by way of programs we give to the American people that we cannot afford.''

Mr. President, I thank the Senate for this time. I yield the floor and 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. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SPECTRUM: A NATIONAL RESOURCE

Mr. DOLE. Mr. President, balancing the budget is all about sacrifice. To paraphrase Webster's Dictionary, that means surrendering things we prize for a higher purpose. Sacrifice is also about fairness. We call this share, and share alike.

It makes no sense to me then that Congress would create a giant corporate welfare program when we are reforming welfare for those trapped in a failed system. But, that is exactly what would happen if we pass telecommunications reform in it current form.

No doubt about it, balancing the budget the passing telecommunications reform will ensure America's place as the world's undisputed economic leader. They are both bills that look to the future, not to the past.

TELECOM GIVE-AWAY

With that said, however, I question whether telecommunications reform is worth the television broadcaster's asking price. The telecommunications conference report gives spectrum, or air waves, to television broadcasters that the Congressional Budget Office has valued at $12.5 billion. Many say that figure is low, including the Federal Communications Commission which believes it is worth almost $40 billion. That is $40 billion with a ''B.'' Other estimates run even higher, up to $70 billion and beyond.

The bottom line is that spectrum is just as much a national resource as our Nation's forests. That means it belongs to every American equally. No more, no less.

If someone wants to use our resources, then we should be fairly compensated.

The broadcasters say they need this extra spectrum to preserve so-called free, over-the-air broadcast and are just borrowing the spectrum and will eventually give it back. The problem is the telecom conference report is vague and there is no guarantee that America