

make a lot of innocent people pay the price.

So my hope is that tomorrow there is no more Government shutdown; that tomorrow we look forward to substantive negotiations in good faith, honest debate, not hate, with civility, trying to reach an agreement. These are big decisions we are going to make that are going to affect our country going into the next century. We ought to do it thoughtfully, carefully, and if we can reach an agreement in January, great, and if we cannot reach an agreement, then maybe, in fact, the differences are irreconcilable. Then the people of the country can make the decision. That is the way it is supposed to be in a democracy.

Happy Hanukkah, Merry Christmas. I hope we soon get home to be with our loved ones. I yield the floor.

Mr. REID. Mr. President, I see on the floor the esteemed senior Senator from Rhode Island. I will be happy to yield to my senior colleague if he wishes to speak. I am going to take 15 or 20 minutes.

Mr. PELL. I thank my friend very much.

The PRESIDING OFFICER. The Senator from Rhode Island.

#### THE BUDGET IMPASSE

Mr. PELL. Mr. President, I do not believe there is justification for the partial shutdown of the Federal Government. It is really occurring only because of a widely perceived and grossly exaggerated assumption that the long-term Federal budget must be concluded in the same timeframe as the annual appropriations bills.

There is no real basis for a linkage between the two beyond the budget for the current fiscal year. The fact that there is an assumption of linkage beyond that point is, at best, an artful strategy or, at worst, a hoax on the public and on our democratic Government. Appropriations and reconciliation are two completely different processes.

On the one hand, it is notable that significant agreement already has been reached on a great many major reductions in Government expenditures in the 13 major appropriations bills that have been or are being processed. But they are all badly behind schedule, through no fault of our President, and six of them are heavily burdened by extraneous provisions dealing with matters like striker replacement and the abortion issue—matters that should be addressed in separate legislation on their own merits. And now the passage of interim spending authority has been arbitrarily made a condition of budget reconciliation.

But the reconciliation process is an entirely separate matter. Unlike the appropriations process, the failure of which leads to a cutoff of current funding, the reconciliation process is not driven by immediate need. Absent passage of a reconciliation bill, current

law stands. The Government continues to operate at existing levels until reasonable agreement can be reached about changed priorities and a new level of commitment.

That the two processes were declared to be compressed into the same timeframe is simply a transparent device to force acceptance of policy choices that are not in accord with the priorities of the American people or the President.

The second continuing resolution passed in November tightened the time frame by specifying that a 7-year balanced budget plan should be enacted in the first session of this Congress, which presumably ends January 2. But the remaining period of 2 weeks includes the traditional holiday season and it seems to me that any comprehensive solution forced this week would inevitably be flawed by haste.

Mr. President, the time for budgetary hostage-taking is over. The country will not stand for it and both parties put themselves at risk of public rejection because of what appears to be petty and small-minded squabbling.

As I see it, the solution must come in two separate steps:

First, the appropriations process must be concluded without any further delay. All remaining bills should be sent to the President forthwith in whatever form a majority can approve. Vetoed bills should be returned promptly so that revised versions can be enacted. A realistic continuing resolution should be passed providing funding authority at least until January 12 to allow for the process of revising and repassing vetoed legislation.

Second, separately, the terms of the second continuing resolution must be modified to provide for an expanded time frame for reconciliation extending into the second session. The President is entitled to adequate opportunity to secure the best budget he can obtain that will reflect his highest priorities, while still honoring those of the congressional majority. As a practical matter, it will be necessary to reach closure on at least the first stages of a long range budget by the statutory date for presentation of the fiscal year 1997 budget by the first Monday in February.

Mr. President, I offer these views from a vantage point of some detachment. I have not endorsed the idea of a balanced budget and I do not subscribe to the mantra that it should be achieved in the arbitrary timeframe of 7 years.

I do believe we should curb deficit spending, and that includes borrowing to pay for a tax cut. And I do not believe the agenda of the United States should be set by a willful subgroup of the House majority.

Clearly, we all are going to have to give ground. We in the minority, for example, must acknowledge more candidly the need for constraints on the Federal medical programs. The majority must relent their drive to curtail great advances we have made in social

legislation, particularly education. And both sides, I believe, must acknowledge the patent futility of cutting taxes at the very time we seek to curtail deficits.

Tax cuts must be deferred for the present, even if it means a delay in more favorable treatment for capital gains, and I support more favorable treatment for capital gains.

I think the image that the country has of us is that of children squabbling. I hope the sooner we can get down to business and reach a compromise, the better off we are. Plus the Government only moves when there is compromise. And in this case we are denying it the opportunity to work.

Mr. President, I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Nevada.

#### THE BUDGET IMPASSE

Mr. REID. Mr. President, I was asked by our floor leader, Senator DORGAN, to come to the floor and offer my views on what is going on with the impasse now facing us.

First, I think it is important to recognize how well the country is doing. We tend to hear so much negativism about our country. The fact of the matter is that our country is doing remarkably well economically. Why do I say that? We have had the lowest inflation and unemployment in some 40 years. Mr. President, we have had corporate profits that have never been higher. They have sometimes been as high, but never higher. We have economic growth that is as good as it has been since the days of John Kennedy. The stock market has been going up significantly. There have been some people crying out that it went down today. Well, there have been adjustments coming. Any stock forecaster would tell you that there would be adjustments. It happens toward the end of the year every year. With this remarkable climb we have had in the stock market, it is not unexpected.

I also say, Mr. President, that we have heard a lot in years gone by about Government being too big. I think those of us in this Chamber would acknowledge that Government has gotten too big. But what has happened in the last 2½ years? We have 175,000 fewer Federal employees today than we had 2½ years ago, excluding the military. I think that is pretty good. I think it speaks well of what has happened in this Government and in this country in the last several years. Now, we have not done enough, but let us talk about the good things that are happening in the country.

This economy is on fire. It is doing great. What about the so-called CR, the continuing resolution? It is something the American public hears all the time. Why are we talking about a CR, a continuing resolution? We are talking about a continuing resolution because, each year, by the first of October, we