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Set 2: republican, democrat, togeth, commiss, polit, done, bipartisan, senat

Set 3: spend, billion, defens, propos, dollar, budget, prioriti, cut

Set 4: deficit, deduct, balanc, budget, cut, trillion, revenu, add

JOHN MCCAIN Energy — well, first — second of all, energy independence. We have to have nuclear power. We have to stop sending \$700 billion a year to countries that dont like us very much. Its wind, tide, solar, natural gas, nuclear, off- shore drilling, which Senator Obama has opposed. And the point is that we become energy independent and we will create millions of jobs — millions of jobs in America. ok, what — what would I cut? I would have, first of all, across- the- board spending freeze, ok? Some people say thats a hatchet. Thats a hatchet, and then I would get out a scalpel, ok? Because weve got — we have presided over the largest increase — weve got to have a new direction for this country. We have presided over the largest increase in government since the Great Society. Government spending has gone completely out of control; \$10 trillion dollar debt were giving to our kids, a half- a- trillion dollars we owe China. I know how to save billions of dollars in defense spending. I know how to eliminate programs.

MODERATOR Which ones?

JOHN MCCAIN I have fought against — well, one of them would be the marketing assistance program. Another one would be a number of subsidies for ethanol. I oppose subsidies for ethanol because I thought it distorted the market and created inflation; Senator Obama supported those subsidies. I would eliminate the tariff on imported sugarcane- based ethanol from Brazil. I know how to save billions. I saved the taxpayer \$6. 8 billion by fighting a deal for a couple of years, as you might recall, that was a sweetheart deal between an aircraft manufacturer, DOD, and people ended up in jail. But I would fight for a line- item veto, and I would certainly veto every earmark pork- barrel bill. Senator Obama has asked for nearly \$1 billion in pork- barrel earmark projects. . .

MODERATOR Times up.

JOHN MCCAIN . . . including \$3 million for an overhead projector in a planetarium in his hometown. Thats not the way we cut — well cut out all the pork.

MODERATOR Times up.

BARACK OBAMA Well, look, I think that we do have a disagreement about an across- the- board spending freeze. It sounds good. Its proposed periodically. It doesnt happen. And, in fact, an across- the- board spending freeze is a hatchet, and we do need a scalpel, because there are some programs that dont work at all. There are some programs that are underfunded. And I want to make sure that we are focused on those programs that work. Now, Senator McCain talks a lot about earmarks. Thats one of the centerpieces of his campaign. Earmarks account for 0. 5 percent of the total federal budget. Theres no doubt that the system needs reform and there are a lot of screwy things that we end up spending money on, and they need to be eliminated. But its not going to solve the problem. Now, the last thing I think we have to focus on is a little bit of history, just so that we

understand what were doing going forward. When President Bush came into office, we had a budget surplus and the national debt was a little over \$5 trillion. It has doubled over the last eight years. And we are now looking at a deficit of well over half a trillion dollars. So one of the things that I think we have to recognize is pursuing the same kinds of policies that we pursued over the last eight years is not going to bring down the deficit. And, frankly, Senator McCain voted for four out of five of President Bush's budgets. We've got to take this in a new direction, that's what I propose as president.

MODERATOR Do either of you think you can balance the budget in four years? You have said previously you thought you could, Senator McCain.

JOHN MCCAIN Sure I do. And let me tell you...

MODERATOR You can still do that?

JOHN MCCAIN Yes. Senator Obama, I am not President Bush. If you wanted to run against President Bush, you should have run four years ago. I'm going to give a new direction to this economy in this country. Senator Obama talks about voting for budgets. He voted twice for a budget resolution that increases the taxes on individuals making \$42,000 a year. Of course, we can take a hatchet and a scalpel to this budget. It's completely out of control. The mayor of New York, Mayor Bloomberg, just imposed an across-the-board spending freeze on New York City. They're doing it all over America because they have to. Because they have to balance their budgets. I will balance our budgets and I will get them and I will...

MODERATOR In four years?