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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable CHUCK HAGEL, a Senator from the State of Nebraska.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal Spirit, who lives and reigns in majesty, thank You for another opportunity to help people see Your power working through human effort. Thank You also for the wonderful law of sowing and reaping that inspires us with the knowledge that no good is ever lost. Thank You for unsung heroes and heroines who work behind the curtains to make this Senate great. As we strive to mend broken hearts and to repair shattered dreams, give us Your favor. Use Your Senators today and all who labor for Your glory as ambassadors of reconciliation and renewal as they glorify Your Name. Teach us to cherish the things that inspire and steady our hands to grasp the torch of freedom and illuminate the darkness of our world. We pray this in Your mighty Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CHUCK HAGEL led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 9, 2004.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CHUCK HAGEL, a Senator from the State of Nebraska, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. HAGEL thereupon assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The distinguished assistant majority leader.

SCHEDULE

Mr. MCCONNELL. Mr. President, this morning the Senate will resume debate on the budget resolution. Under the order from last night, 40 hours remain for consideration of the resolution. We anticipate the amendment process will begin today and, therefore, Senators can expect rollcall votes throughout today's session.

I remind my colleagues that the majority leader has stated we will finish the budget resolution this week. Therefore, late night sessions, obviously, can be expected, and Senators should make their plans accordingly.

Having said that, I believe we are ready for the resolution to be reported.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2005

The ACTING PRESIDENT pro tempore. Under the previous order, the

Senate will resume consideration of S. Con. Res. 95, which the clerk will now report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 95) setting forth the congressional budget for the United States Government for fiscal year 2005 and including the appropriate budgetary levels for fiscal years 2006 through 2009.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. REID. Mr. President, I would like to ask a question of the distinguished acting majority leader.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. REID. Mr. President, I am wondering if a decision has been made as to what we are going to do tonight at 7 o'clock or thereabouts. As the leader knows, we have the Archives dinner. In fact, it will be the last dinner that will ever be held in the Rotunda, for a number of reasons. That is going to be tonight. It is a bipartisan dinner. I wonder if a decision has been made yet as to what is going to be done, whether we are going to stay in session or whether there will be time yielded off the resolution during the time we are there.

Mr. MCCONNELL. Mr. President, I say to my friend from Nevada, the plan will be to stay in session, unless we can reach an agreement to yield back time.

Mr. REID. I would also ask, through the Chair to the distinguished whip, has there been a decision made as to what we are going to do during the normal recess we take on Tuesdays for party caucuses?

Mr. MCCONNELL. I think, at the risk of being redundant, our plan would be, if we could get an agreement to equally yield back time, we would recess for those lunches; otherwise, we would try to press through.

Mr. REID. So there can be some planning, I wonder if the two managers have any objection to having that done as it relates to the noontime recess we normally take on Tuesdays, with that time equally divided.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Mr. CONRAD. Mr. President, I think we should see how the morning goes before we make that decision.

Mr. MCCONNELL. I thank my friend from North Dakota.

Mr. President, I yield myself time on the concurrent resolution.

The ACTING PRESIDENT pro tempore. The Senator has that right.

The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, the Senate has a full agenda of business this session. To give the American people a full year's worth of work, I had hoped the politics of the election this fall would maybe wait at least until some of the leaves had sprouted on the trees late this spring.

Sadly, that is not the case. We see the one thing in full bloom in Washington, DC, right now is all politics, all the time. The most repeated political saw can be summed up by quoting Charles Dickens. We are told today in America: It is the best of times, and it is the worst of times. It is the best of times for some, and the worst of times for others. We are not one nation, indivisible, but two Americas, they say—two Americas.

What are we? Are we staring into painful reality or are we just hearing political spin?

Well, Mr. President, I would like to think of myself as a fair person. So I think we should let the facts themselves do the speaking.

Fact No. 1: To say it is the best of times and the worst of times at the same time is simply political spin. It is spin to say the same fact can be good in one place at one time but bad in another place at another time. Yet many of our colleagues insist on that very twist, that very twist of logic.

So let's look at the unemployment number, for example. When the unemployment rate dropped to 5.6 percent back in 1996—5.6 percent back in 1996—the Senate Democratic leader, our friend, Senator DASCHLE, said:

The economy is doing extraordinarily well. Extraordinarily well.

We have the lowest rate of inflation and unemployment we've had in 27 years.

That is when the unemployment rate was 5.6 percent in 1996.

At the same time, President Clinton was saying:

I was gratified to hear our partners praise the strength of the economy. . . . Lower interest rates have helped us slash unemployment to 5.6 percent.

That was President Clinton in June of 1996.

So, in 1996, 5.6-percent unemployment was viewed by our friends on the other side as good news and a healthy economy.

Today, we have 5.6-percent unemployment under President Bush—the very same unemployment figure, a different President. Today our good friend, Senator DASCHLE, says:

President Bush suggested that the current unemployment rate of 5.6 percent was a good number. Well, I was a little surprised at that. I'm not certain I would agree that it's a good number.

In 1996, under a Democratic President, 5.6 percent was considered a good number; 5.6 percent today under a Republican President is not considered a good number.

Our friend Senator CLINTON from New York says about the 5.6 percent today:

This Administration refuses on so many fronts to accept the obvious and in this instance it is obvious the economy is not creating jobs.

President Clinton, when unemployment was at 5.6 percent, was praising the healthy economy. Senator CLINTON, when the unemployment rate is at 5.6 percent, says the economy is not very good.

It is difficult to understand how this same 5.6 percent jobless rate back in 1996 can be considered indicative of a healthy economy and today not be so considered. So a 5.6 percent jobless rate was the best of times under President Clinton and now it is the worst of times under President Bush. It's the best of times under President Clinton, worst of times under President Bush. This is spin. That is all it is. How can at one time 5.6 percent be considered the sign of a healthy economy and at other times not?

We see the same kind of spin on policy. Under the previous administration and when the House and Senate were controlled by our friends on the other side of the aisle, temporary unemployment compensation benefits were allowed to expire at 6.4 percent unemployment. Again, temporary jobless benefits expired when the jobless rate was at 6.4 percent and not a word of complaint was heard from our friends on the other side of the aisle in 1994. It was the best policy back in 1994 to allow temporary unemployment to expire at 6.4 percent. That was the policy back then. Now 10 years later, when the same temporary unemployment compensation benefit expired because the unemployment rate is at 5.6 percent, the same policy under a better economy is called an outrageous act.

So the very same decision made under a Republican President is the worst policy. Under a Democratic President, it is the best policy. It makes no sense. Why would it be good policy to let the temporary unemployment policy expire at 6.4 percent under a Democratic President and not be a good policy at 5.6 percent under a Republican President? What can we conclude from all of that? It is political spin. That is what it is—political spin.

Letting temporary jobless benefits expire at a 6.4 percent jobless rate under President Clinton and a Democratic Congress is the best policy, but letting the same benefits expire at a 5.6 percent jobless rate under President Bush and a Republican Congress is the worst policy. It is all Washington spin.

But it is not just the number or policy that gets spun around; it is also the words. Let's look at the much discussed term "outsourcing." The term "outsourcing" has become a lightning rod. When an economic advisor to

President Bush discussed the outsourcing of jobs, amendments were offered, strong condemnations were delivered, and heads were supposed to roll. When the former President's Secretary of Labor claimed, in a Washington Post op-ed on November 2, 2003 that high tech jobs are going abroad but that is OK, not a peep was heard about the former Secretary of Labor's writing.

This is Secretary Robert Reich, November of this past year. Headline: "High Tech Jobs Are Going Abroad! But That's Okay." This is the Democratic Secretary of Labor. Again we see the same words as the worst idea by a Bush advisor but a great idea by a Clinton advisor.

Confused? It is just more Washington spin. When the outsourcing issue was discussed by a Bush advisor, it was considered the worst advice. When the same thing was said by a former Clinton Labor adviser, it was considered good advice.

What can you conclude from all of this? Just Washington spin. The whole issue of outsourcing shows how things are spinning out of control. After all, Robert Reich, the former Democratic Labor Secretary, is Senator KERRY's top labor adviser and a member of his steering committee. It says so right on his Web site. Perhaps most amazing is their campaign road show announcement on outsourcing that charges President Bush continues to send jobs overseas. But in the very next sentence they announce the participation of Robert Reich in these road shows.

This is the same Robert Reich who said high tech jobs are going abroad, but that is OK; the same Robert Reich who says he doesn't believe the outsourcing of jobs is something to lose sleep over; the same Robert Reich who says it makes no sense for us to try to protect and preserve high tech jobs or block efforts by American companies to outsource; the same Robert Reich, the top labor adviser to Senator KERRY, who is at political events across the country to bash Bush for his adviser's views on outsourcing.

If this doesn't leave you dizzy, nothing will. Why all the spin? Why is this word acceptable by one speaker but an outrage when uttered by another? Why is policy fine one day but a horror the next? Why is the number applauded one day but the same number condemned the next? Confused? That is what you get in a political year.

The sky-is-falling crowd seems to be spinning the wheel of misfortune hoping to hit the political jackpot this fall. And to win this fall, they must say the sky is falling this spring. They must put the worst possible spin, the worst possible light on our current economic situation.

Opponents claim we have had the greatest job loss since the Great Depression. How many times have we heard that, the greatest job loss since the Great Depression? That was a time when one out of four Americans was

jobless. Today we have 138.5 million jobs and growing in the United States. Comparing our economic situation today to the Great Depression is utter nonsense. In the Depression, one out of four Americans was unemployed. Today there are 138.5 million jobs and growing. Close to 95 percent of Americans who want a job are employed. The sky-is-falling crowd says this is the worst number in almost a century.

So the political season is here. Facts don't matter; up is down; left is right; the best is worst, and vice versa. To be sure, the economy is not perfect. As long as someone wants a job and can't find one, we are not going to rest. But let's be honest. If a 5.6 percent unemployment rate was good 8 years ago, then a fair person would have to say it is not so bad now. But we haven't heard that, nor will we hear that. Instead we are told we are in a jobless Armageddon. Why? Because this is an election year and that is just the way the world spins.

Mr. SANTORUM. Will the Senator from Kentucky yield for a question?

Mr. MCCONNELL. Yes, I yield to the Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, the Senator from Kentucky makes a very persuasive case about how up is down, right is left, that the other side is doing an incredibly masterful job of trying to spin the economy.

I want him to comment on something that has concerned me. Over the last 7, 8 months we have seen and heard talk about how bad the economy is, how difficult. I want him to recall from 3 years ago the discussion in the Senate. I want to see if the Senator from Kentucky sees what was claimed at that time by Senator CONRAD and others as potentially occurring again in the year 2004.

Senator CONRAD said in March of 2001, almost 3 years ago to this date:

I don't think there's any question but the President is talking down the economy, and the Vice President has hurt confidence. . . . It hurts the economy because it puts doubt in people's minds about the underlying strength of the American economy. And any economy is in part based on confidence. So when the Vice President was talking about recession back in December, that set off a string of newspaper headlines—

By the way, the newspaper headlines: "Support for Bush Falls on Economy . . ." after a whole day of speeches on the part of Democrats belittling this economy.

It says:

Newspaper headlines led to a string of additional emphasis on the negative. When you consistently emphasize the negative, you contribute to a climate that loses and lacks confidence.

Mr. President, I ask the Senator from Kentucky, does he think over the last 7 or 8 months Democrats railing on the negative aspects of this economy has hurt economic growth and, in fact, may have caused people to lose their jobs as a result?

Mr. MCCONNELL. There is no question, I say to my friend from Pennsyl-

vania, there has been a concerted, coordinated effort to cause Americans to lose confidence in an economy that is, by all standards, rolling. You cannot find a category that is not heading in the right direction.

As I pointed out, a mere 8 years ago colleagues on the other side of the aisle were cheering for an economy of 5.6 percent unemployment, saying that was terrific. Today they act as if we are in the Great Depression.

I say my friend is right on the mark. There has been a coordinated, concerted, consistent effort over the last 4, 5 months to talk the American people into believing the economy is not heading in the right direction.

Mr. SANTORUM. Will the Senator yield for an additional question?

Mr. MCCONNELL. I yield to the Senator for a question.

Mr. SANTORUM. I ask, when the administration in March of 2001 was talking about their concerns about the economy, does the Senator from Kentucky recall whether the economy was growing in January and February and March of 2001?

Mr. MCCONNELL. It was clearly not growing. They were stating the obvious.

Mr. SANTORUM. In fact, I believe that quarter of 2001 in which the Vice President and the President were talking about their concerns with the economy was, in fact, the first quarter of a recession that was actually in place at the time; correct?

Mr. MCCONNELL. Yes.

Mr. SANTORUM. So what they were doing was reflecting the reality of an economy that was in trouble when they took office.

I just want to, again—Senator CONRAD is here. I don't want to pick him out as being the only one who was accusing the President and Vice President of talking down the economy because Senator DASCHLE was doing the same thing:

I think we're talking down the economy, and in talking down the economy, I think we're beginning to see the results in the market. The Bush administration has been talking down the economy now for some time . . . but look at what's happened.

I say to the Senator from Kentucky, at the time the administration was "talking down the economy," the economy was, in fact, in trouble. At the time the Democrats are talking down this economy, is this economy in the same shape it was in January, February, and March of 2001?

Mr. MCCONNELL. No, this economy is rolling, and virtually every category by which one can measure the direction in which the economy is going is heading in the right direction—in some cases dramatically in the right direction. Even the unemployment figure, which they want to harp on, is the same unemployment figure they were praising a mere 8 years ago—praising as the best of times. Today it is the worst of times, and the only thing that is different is there is a different President in the White House.

Mr. SANTORUM. So basically the contrast about who is talking up or talking down the economy, which is my point, is the Bush administration was reflecting the reality of what was going on in trying to be honest with the American public as to the state of the economy at the time, and what is going on now, as you have clearly illustrated, is the economy is on an upswing and we have a group of people who are trying to drive that economy back down where we hoped, we thought all of us did not want it to be?

Mr. MCCONNELL. I thank my friend from Pennsylvania for his question. It is pretty obvious the facts illustrate the economy is rolling, it is moving dramatically in the right direction, and even though unemployment is higher than we would like it to be, it is the same figure as a mere 8 years ago when our friends on the other side of the aisle were cheering the healthy economy.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I have been interested to listen to this early morning repartee on the other side about what the status of the economy is and what the status of the job market is. I do not think it is a matter of spin to talk about what the facts are, and the facts are really very clear with respect to this President and what has happened to the job market under this President.

When people say this is the first President to have lost private sector jobs since Herbert Hoover, that is a fact. Nobody is saying, as the Senator from Kentucky represented, the Bush record on the economy is the same as the Herbert Hoover record on the economy. That is not what anybody has said here. The Senator from Kentucky has not been here; perhaps he missed what has been said.

What has been said is the simple fact that this administration is the first administration since Herbert Hoover to lose private sector jobs. In every other administration—Roosevelt, Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, the first President Bush, President Clinton—there has been in every one of those administrations growth in the private sector job market.

Under President Bush, we have seen a loss of private sector jobs. The last time that was true was in the administration of Herbert Hoover. That is a fact. That is not talking down the economy. It is a fact.

The second fact is this recovery is very different from every other recovery from recession since World War II. That also is a fact.

If we look at the average of the nine recessions since World War II, what we see is, after 17 months, after the business cycle peaked, we start to see substantial job recovery. That has been the pattern of the nine recessions we have had since World War II.

Look what is happening in this recovery. Here we are 36 months past the peak of the business cycle, and still we are not getting job recovery. Something is wrong. If we want to be serious about figuring out how to solve the problem, we first have to diagnose it correctly. We are 5.4 million jobs short of the typical recovery in the nine recessions since World War II. Something is wrong.

Private sector jobs have declined. We have seen 3 million jobs lost since January of 2001. That is not talking down the economy. That is a fact, I say to my friend. It is a fact. If we are going to diagnose what is going wrong here, we have to figure out how is this different from what we have seen previously. I think any objective observer looking will have to conclude this is something dramatically different.

The Chairman of this President's Council of Economic Advisers, in a briefing on the 2004 Economic Report of the President, which was issued just last month, said:

[W]e expect sort of on average jobs in 2004 to be 2.6 million more than the jobs in 2003.

That was this administration's projection a month ago. For that projection to come true, there would have to be 520,000 jobs created in every month from now to the third quarter of this year.

Look what happened in February. There were not 520,000 jobs created. There were not 420,000 jobs created. There were not 320,000 jobs created. There were not 120,000 jobs created. There were 21,000 jobs created in February. That is 500,000 jobs short of the monthly totals this administration will need to meet its projection.

Every one of these jobs that was created was a Government job. There were no jobs created in the private sector. Something is wrong.

When we report to the American people on the status of the economy, there is a dramatic difference between what was occurring during the Clinton years—remember, during the Clinton Presidency, 22 million jobs were created. This President has lost 3 million jobs. In the Clinton administration, there were 22 million jobs created in the private sector.

If we look at this current recovery, one of the things we see is that we have the longest average duration of unemployment in over 20 years. In other words, when somebody loses their job, it is taking them longer to find a new job than at any time in 20 years. Now, that is dramatically different than what occurred during the Clinton administration. During the Clinton administration, there was very powerful job creation. In fact, there was not only powerful job creation but the longest economic expansion in our Nation's history.

In addition to that, we had the lowest unemployment in 30 years, the lowest inflation in 30 years, the highest level of business investment in our Nation's history, and record deficits were turned

to record surpluses. That is the economic record during the Clinton administration. So if that is what they want to debate, we would be delighted to join in the discussion. We would be delighted to talk about the difference between the economic performance during the Clinton years and the Bush years.

This is just one indication, the longest average duration of unemployment in over 20 years. That is what is happening in this Bush administration. Something is wrong.

When we go further and look at the number of people employed, the Senator from Kentucky said we have over 100 million people employed—I do not remember the exact number he used but I am sure he was accurate in his number—but if we look at it in a different way, we see the smallest share of the population at work since 1994; 62.2 percent of the American people are employed. That is the lowest level in a decade.

Again, it is just a fact. If we are going to analyze what is happening in this economy, we have to diagnose what is happening. To diagnose what is happening, we have to describe accurately what is occurring.

We also look at real wages. I asked my staff to find out for me what has happened to real wages in this country during this administration. We went back to 1996—we probably should have gone back even further—and look what happened in 1996 to 2000, the last term of the Clinton administration. We saw a dramatic growth in weekly wages. Since that time, they have basically stagnated. Real wages are up less than \$8 a week in this administration.

If we are interested in public opinion, which I think we all are—the Senator from Kentucky talked about public opinion—consumers believe jobs are hard to get. Eighty-eight percent believe jobs are not plentiful or are hard to get. Only 12 percent believe jobs are plentiful. So this is not just a matter of opinion on the Senate floor. The American people are saying jobs are hard to get. They are saying jobs are scarce.

This is another look at what is happening in the job market. We see that wage growth of production workers is starting to fall behind inflation. Again, we went back to the beginning of this administration. The red line is consumer prices. The green line is average hourly earnings. We can see now for the first time the lines crossing. So wage increases are not keeping pace with inflation. That is putting pressure on people. That is why I think we see this strong concern all across the country. People are worried about what is happening in this economy.

Mr. REID. Will my friend yield for a question?

Mr. CONRAD. I would be happy to yield.

Mr. REID. I say through the Chair to my distinguished friend, the ranking member of the Budget Committee, I

listened to the statement of the distinguished Senator from Kentucky and the questions asked by my friend from Pennsylvania. One thing the debate this morning has not touched upon, and I would like to hear the Senator from North Dakota explain a little bit, when this administration came into power there was a huge surplus over a 10-year period. It is my understanding that is gone and we are going to have record deficits as far as the eye can see. Is that a fair statement?

Mr. CONRAD. That is a fair statement.

Mr. REID. A final question, as part of that, do deficits matter?

Mr. CONRAD. Well, let's first talk about what is happening with deficits under this administration. Over the next 5 years, under the President's plan, the debt of the United States will increase by \$3 trillion. Now let's think about that. That is an average of \$600 billion a year of increased debt.

The President says he is going to cut the deficit in half over the next 5 years, but he only gets that by leaving out things. For example, he leaves out any war cost past September 30 of this year. He says there is no cost of the war in Afghanistan, the war in Iraq, the war on terror, past September 30 of this year. Does anybody believe that?

When we ask his people about it, they say, well, it is hard to predict what the cost will be. Well, we would agree with that, it is hard to predict. The right answer is not zero. The right answer is there is not going to be no cost. The Congressional Budget Office tells us the cost is going to be \$280 billion. Yet the President has nothing in his budget.

It does not stop there. If one looks at the cost of the President's proposed tax cuts, what one sees is that in the first 5 years they are relatively modest, but the cost of those tax cuts explode in the second 5 years. It does not end there. The alternative minimum tax, which is going to cost some \$600 billion to fix, according to the Congressional Budget Office—my colleagues will remember the alternative minimum tax was designed to catch millionaires. It was put in place back in the 1980s, but it has not been adjusted. The result is, more and more middle-income people are being sucked into the alternative minimum tax. There are about 3 million people affected now. By the end of this decade, 40 million people will be affected.

In his budget, the President provides 1 year of the cost of fixing the alternative minimum tax. He lets the rest of it go, which is writing in a tax increase beyond the first year, and it will be a tax increase increasingly on the middle class.

It does not end there. The biggest thing the President is proposing, in terms of how he finances these massive deficits and debt, is to borrow money. The President is fond of saying it is the people's money, and he is exactly right, it is the people's money. It is also the people's debt.

How is he financing these enormous deficits and debt? First, he is borrowing every penny of the Social Security surplus over the next 10 years, every dime, \$2.4 trillion, money that is really not in surplus at all because it is going to be needed when the baby boomers retire.

So the President is really not showing the American people how serious our fiscal condition is. When he says he is going to cut the deficit in half, he says the deficit in the fifth year will be \$237 billion, but if we add back all of the things he has just left out, what we find is the debt of the country will actually increase by over \$600 billion in that fifth year. All of this is right before the baby boomers retire.

So on the question of do deficits matter, certainly deficits matter. The trade deficit matters. That is running nearly \$500 billion a year. The budget deficit matters. That is going to run nearly \$500 billion this year. Why does it matter? Deficits matter because when the Government spends more than it takes in, it has to borrow the money. When the Government borrows money, it is in competition with others to borrow money.

In this society, we have over \$20 trillion of debt—government debt, Federal Government debt, State and local government debt, corporate debt, private debt—\$20 trillion. When the Government has to go borrow money in competition with the private sector, most economists would argue that puts upward pressure on interest rates. When you have \$20 trillion in debt in an economy, a 1-percent change in interest rates costs you \$200 billion.

I can remember very well when Lloyd Bentsen was Secretary of the Treasury, he called me to lunch one day down at the Treasury Department. I walked in and sat down.

He said: KENT, you probably wondered why I asked you here today.

I said: Yes, I did wonder.

He said: I wanted to share with you because now you are on the Finance Committee, you have my seat on the Finance Committee, something that is very important to remember when you are dealing with the economics of the country; that is, when you look at the debt of the country in all forms—government debt, corporate debt, individual debt—and you look at a change in interest rates, you come to understand how critically important it is to manage this economy in a way that keeps pressure off of interest rates. That means it is critically important to hold down deficits and to hold down debt because that will keep pressure off of interest rates. If you hold down pressure on interest rates, you are giving more lift to the economy than anything you can do on the tax cut side of the ledger. It is so powerful, the difference 1 percent makes in interest rates in this society because of all the debt there is.

It is a lesson I have never forgotten. I don't think any of us should forget it. That is why deficits matter.

Some will say interest rates are at very low levels now. Indeed they are. In fact, one of the reasons we have seen the economy resume growth is because interest rates are at a 40-year low, even though we have these massive deficits. How can it be? How can interest rates be at a 40-year low when we have these massive deficits? It is because right now there is very little competition for money from the private sector because the economy has been weak. As the economy resumes growth, as it has, we will see upward pressure on interest rates. That is something we have to keep in mind as we fashion Federal policy on the budget.

We have the ability in the Senate, the Congress and the President, to influence the fiscal policy of the country. There are two things that contribute and affect the economy. One is fiscal policy, spending and revenue decisions that are made here and in the House of Representatives and by the President. The other aspect of Government policy that affects the economy is monetary policy.

The monetary policy is guided by the Federal Reserve. The Federal Reserve has put in place a very accommodative economic policy, the lowest interest rates in 40 years. It is a key reason for this economic recovery. But that is jeopardized, it is threatened if interest rates are forced up.

What might force them to go up? As we see economic recovery, as we see the private sector borrowing more money to build and expand their businesses, and the Federal Government is also borrowing these record amounts of money, that will put upward pressure on interest rates. That will threaten long-term economic growth and recovery. That is why deficits matter.

Does the Senator from Pennsylvania seek time? I yield the floor.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I will pick up where the Senator from North Dakota left off. I suggest historically the lesson we learn from the conversation he had with Lloyd Bentsen: Lloyd Bentsen was wrong. The bottom line is there are a lot of other factors that go into the calculation of interest rates other than the deficit. That is obvious from the fact that we have a relatively high deficit right now and interest rates remain low.

It is a very complex economy. I think the idea we are going to focus in on one thing or another that is going to create jobs or not create jobs is folly. What we need to do is try to put a grand strategy together, including keeping inflation low, working to keep interest rates low, keeping tax rates low, trying to reduce litigation costs, trying to reduce the costs of regulation. All of those are a complex series of factors, and there are a whole lot of others, frankly, beyond the control of the Senate that we need to look at as to creating an environment in which jobs can be created and wealth can be created.

Our job in the Senate comes down to a few simple things. We have been debating this year trying to reduce the cost of litigation. This side of the aisle, generally speaking, has been on the side of reducing that transaction cost to the economy, and it is a huge cost to this economy. We have a couple of other bills coming up such as asbestos litigation that I am hopeful will be scheduled in the next couple of months so we will get a date certain to have a vote in the Senate. I would argue we can do more to help the manufacturing economy in this country by taking away the burden of asbestos litigation which is crippling dozens upon dozens of large manufacturers who employ hundreds of thousands of people who make this economy go. It is crippling them, having to defend tens of thousands of lawsuits. Most of them are frivolous. Most are filed by people who are not sick. They are filed by lawyers who are looking for big fees and big settlements and tying up enormous resources and clogging up our courts.

We have an opportunity to solve that problem and, more importantly, get the money to the people who are truly sick and injured as a result of exposure to asbestos. We have an opportunity to do that right here. If you want to help the manufacturing economy, if you want to create better jobs, if you want to loosen up the burden of frivolous lawsuits on a whole sector of our society, the manufacturing economy, let's pass this asbestos litigation. I don't hear any of you talking about that.

How about class action reform? That is another abuse of the legal process by a handful of trial lawyers who, again, put together these massive suits, with people getting very little benefit except, of course, the lawyers who are suing on "behalf" of this class of people. We have an opportunity to do something there that will dramatically help this economy, help the manufacturing economy, help the economy in general. So the idea there is just one aspect we need to focus on is false. There are a lot of things we can do in the Senate.

I can tell you another aspect we need to focus on in the Senate, and that is spending. There is a big concern in our markets today, in the economy today, about the appetite for spending in Washington, DC, and the potential impact that will have on our economy because it will lead to further spending. Growing the Government will lead to higher deficits and, as we will see over the next 4 days, calls to increase taxes to pay for more Government spending. What do increased taxes mean? That means less money in the private sector out there creating jobs and more money in Washington—well, maybe creating a few jobs in town.

So the idea of more spending and higher taxes is what the Senate is going to be dealing with in the next few days. That is an important topic to discuss, and one that will have profound consequences on this economy—

beyond the talking down of the economy that I illustrated before that has been going on for months during the Democratic primary, and the chorus in the Senate talking about how terrible things are. To pull out a chart, as the Senator from North Dakota pulls out, saying that we have a percentage of the population that is working which is lower now than it has been in 10 years, the percentage—does that matter? The question is, How about the percentage of the people who are looking for work? That is really what we are interested in. The fact that the percentage of seniors has grown in America over the last 10 years will mean by definition that probably fewer people as a percentage of the population are going to be working. That is sort of a natural thing to assume. This idea that we are going to pull out all these incredible sort of arcane statistics to make a point when the overwhelming body of evidence is that this is an economy that is growing, unemployment rates are at historically low levels, and wealth is growing in this country, household income is growing in this country, the idea that this is the worst economy since the Great Depression is folly.

It is the kind of talking down of this economy that the President and the Vice President were accused of 3 years ago when the economy was in bad shape. The idea that somehow or another this administration has lost all these jobs when this administration entered office during a recession, which, I assume, the Democrats at least will admit the President had nothing to do with when he was sworn in in January of 2001—we were in a recession—that somehow or another we are going to blame the President for the resulting job loss of that and the events of 9/11, or the corporate scandals which ran amok during the Clinton administration, which, again, this President had to patch together—this idea that because the economy was in terrible shape when the President rose his hand and said I take this oath is now the President's fault, again, just doesn't, thankfully, make a whole lot of sense to the American public.

The American public isn't buying a lot of this snake oil salesmanship that is going on about how bad things are in America. I think the more we get the information out about what really is happening in this economy, and the things this administration is doing now and which we are trying to do in the Senate to make it better, the better this economy will do—even more than it is doing today.

But our job in the Senate over the next 4 days is to ask whether we want to see this economy grow.

No. 1, how much are we going to resist the call to increase spending? That is a big concern out there in the private sector. Will Washington try to live within its budget?

And, No. 2, how much are we going to try to take from the American public in the form of higher taxes?

I have decided to resurrect a couple of charts I have used over the last year. One is the Democratic spendometer. For every amendment that is offered which increases spending, we will put that amendment here. We will put the number of Democrats who voted for this amendment, the 1-year cost, and the 5-year cost over this budget.

Just to recollect, I heard the Senator from Nevada, who is a very persuasive and articulate spokesman for the other side, talk about this horrible deficit we have. I remind all who are listening that last year at this time the Democrats proposed adding \$1.3 trillion in new spending over the next 10 years to last year's budget.

Let me repeat that: \$1.3 trillion in new spending not offset by other spending cuts added to this deficit over the next 10 years. Had we done what they wanted to do last year, this deficit would be in much worse shape than what it is today.

That was just in the budget. The first time I brought out this chart was during last January's discussion of the appropriations bills which the Democrats failed to pass when they controlled the Senate in 2002. That was the omnibus bill of January of 2003. During that debate on Democrat appropriations bills that passed out of their committee, they sought to add a half trillion dollars in new spending to the fiscal year 2003 budget—the omnibus spending, the appropriations bill in 2003—and \$1.3 trillion over 10 years to last year's budget, which again, thankfully, was defeated. Then, after the budget passed and we had to deal with last year's appropriations bill to which they again attempted to add, the spend o meter was brought out—\$800 billion in new spending to those bills.

I just remind everybody who will come to the floor and bemoan budgets and deficits and how irresponsible the President and those of us who are in the majority are, they attempted to add \$800 billion to last year's appropriations bills, and \$1.3 trillion to last year's budget, all of which was not offset with any other spending reductions.

I will again put up this chart.

There is a clever thing, I suspect, that many on the other side will do this time; that is, they will pay for these amendments. They will say they are concerned about the deficit. Last year, they were not. Last year, we did not offset these expenditures. Last year, they simply ran up the tab. But all of a sudden, we are awash with fiscal conservatism. We have this great concern now about the Federal budget deficit. What is going to happen with a lot of the amendments that will be offered by the other side is that they will be paid for. How will they be paid for?

That brings me to my second chart, the Democrat taxometer. What they are going to do is not only increase spending with more money flowing to the bureaucrats in Washington, DC, but they are going to do so on the backs of taxpayers in America. They

will say: Oh, all we want to do is tax the richest of the rich, and our amendments are designed only to go after those wealthy people who can afford to pay taxes. But, of course, we know that is not what their amendments do. What their amendments do is instruct the Finance Committee to come up with revenue raising. That is all this amendment does. It is all it can do. It cannot specify what the Finance Committee will do nor what this Congress will do. So all it will do, and will do repeatedly, is instruct the Finance Committee to raise taxes.

For every amendment that is offered that is "paid for," we will have, again, the amendment, the number of Democrats who voted for this tax increase, the 1-year cost to the taxpayers in increased taxes, and the 5-year cost to taxpayers in increased taxes.

When we hear this debate, what we are back to again is sort of a typical saw that we hear in Washington, DC, tax and spend, tax and spend, all in the name of trying to have fiscal accountability. In reality, it is growing the size of government. It is growing the power and influence of the Federal Government over your life and taking your money so we can have more power over you, and you can have less freedom to do what you believe is in your best interests and the best interests of your family. Of course, we know, if you listen to the other side, that we can spend your money better than you can; that the money we have to spend is for great and wondrous causes which will have a tremendous benefit to the American public; and, of course, if we let you keep this money, you would use it on frivolous things that have no great benefit to you or to your family or to the community and to the country.

The same kind of cynicism that we have seen pervade on the other side of the aisle for decades, nothing has changed. It is the same old saw. We know what to do better with your money than you do, and we are going to prove it time and time again over the next 4 days as hundreds of billions of dollars in tax increases will be voted on on the floor of the Senate. Hundreds of billions of dollars of new taxes will be voted on in the Senate, with hundreds of billions of dollars of wonderful new Government programs that will solve all the problems we have in America that, of course, if that money were left to you, you would not have any idea what to do, that would be of any benefit to the American public or to these great causes we announce in the Senate.

This is the debate. There is lots of talk about deficits and fiscal responsibility, but in the end this comes down to more Government, bigger Government, more Government control, less freedom.

The late Paul Coverdell used to say his basic understanding of taxes was it is an issue of freedom. The more money we take from you, the less free you are

to take care of yourself and to provide for yourself and your family. The less money we take, the more freedom you have. So this is an issue of basic freedom, economic freedom in this country.

We will see over the next 4 days what party sides with the American public, what party trusts you, and what party believes they can do better with your money than you can, that they know what is best for America than the millions of Americans across this country whose money will be taken and sent to Washington for new programs that will better solve American problems than leaving the money at home with Americans to solve it for themselves.

I am looking forward to this debate. I could be wrong, but I suspect I will need more than one of these charts. I suspect I will need several of these charts about where the Democrats and how much the Democrats are going to try to increase taxes over the next several days. We will need several charts of how Democrats will try to increase spending and grow the size of Government. It will be hundreds of billions of dollars. It may even be, over 5 years, \$1 trillion, and they will do so all by maintaining a straight face that they are the protectors of fiscal discipline in Washington, DC; they are the ones who are for lower deficits, who are for Government control—of controlling Government spending; they are the fiscal watchdogs on guard to the American taxpayer.

Let's see what happens over the next 4 days. Let's see who calls for spending increases. Let's see who calls for tax increases. And let's find out who really is on your side.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I am delighted to follow the Senator from Pennsylvania. I have been looking forward for a long time to this opportunity because the Senator from Pennsylvania makes a lot of aggressive assertions. Unfortunately, he is aggressively wrong, wrong, wrong.

Let's start with the question of when the deficit starts. The Senator from Pennsylvania says it started in the Clinton administration.

Mr. SANTORUM. If the Senator will yield?

Mr. CONRAD. I am happy to yield if I misstated.

Mr. SANTORUM. I did not talk about the deficit starting in the Clinton administration. I am talking about when the recession started.

Mr. CONRAD. I apologize; I meant to say when the recession started. I think the Senator from Pennsylvania said the recession started during the Clinton administration.

Mr. SANTORUM. Again, Mr. President, I think I said it started when the President was taking the oath of office in January of 2001.

Mr. CONRAD. I am happy to have the Senator state his position.

Let me just say the problem with that is the National Bureau of Economic Research, which does the official dating of recessions, says the downturn began in March 2001, early in Bush's Presidency.

But that is not the thing I am most eager to answer in terms of what the Senator from Pennsylvania has said. He has repeatedly used his spend-o-meter chart in the Senate and that chart is just a complete fabrication. I don't know of a nice way to say this. That chart is a complete fabrication.

How is it a fabrication? First of all, all the Democratic amendments to last year's budget resolution were paid for. The Senator from Pennsylvania said they were not paid for. That is factually wrong and he ought to come out here and correct the record because it is wrong. All he has to do is look at the record to know it is wrong. Our amendments were paid for. I will go to a complete list of those amendments next to demonstrate the statements of the Senator from Pennsylvania are false.

In addition, the Democratic amendments were offered individually, not as a package. The Senator from Pennsylvania wants to act as though the Democratic amendments were offered as a big package. False. They were offered individually.

Third, the Senator from Pennsylvania wants to act as though these amendments were all 10-year amendments. False again. Half of these amendments were for 1 year.

What the Senator from Pennsylvania has done is very conveniently taken 1-year amendments and multiplied to make them 10-year amendments and then cumulate them to act as though they were a package. Wrong, wrong, wrong.

What is most wrong, he asserts they were not paid for last year. He ought to have done his homework better before coming out and making an assertion like that because even the least bit of research, even the least bit, would have demonstrated that is a false statement.

Let's go to the amendments that were offered. I have a list of all of the amendments. We can see whether the statement of the Senator from Pennsylvania was correct. He says the amendments were not paid for. Let's go down the list.

An amendment by Senator BIDEN to restore the COPS Program was a 10-year amendment and costs \$1 billion. It was fully paid for, plus \$1 billion to reduce the deficit.

An amendment by Senator KERRY on HIV/global AIDS cost over 10 years about \$800 million. Completely paid for, plus an additional amount to reduce the deficit.

We can go right down the list. Every single one of the Democratic amendments was completely paid for—in most cases, more than paid for—so the deficit would be reduced as well.

The chart of the Senator from Pennsylvania is wrong. Factually wrong. He ought to come out here and correct the record.

As I say, I will put this entire list in the RECORD because it demonstrates all of the Democratic amendments were paid for, countering the assertion of the Senator from Pennsylvania—and more than paid for. So if you did cumulate them, it would reduce the deficit \$687 billion. It is not right to cumulate. They were not offered as a package but individually.

There was an amendment by Senator DORGAN for veterans, to give greater budget resources for veterans health care, for \$1 billion. But that was completely paid for, plus an additional amount to reduce the deficit. That is the fact of the matter.

These amendments were offered not as a package, they were offered individually. So this amendment was offered. It was defeated.

Then we offered another amendment on rural health care. That amendment was defeated. Then we offered another amendment. The idea you can combine them as a package is false and misleading.

Then the Senator from Pennsylvania has another chart on the appropriations bills. This is my favorite because this is another complete fabrication. The Democratic amendments to the Omnibus appropriations bill were offered individually, not as a package. You cannot accumulate them.

No. 2, the Democratic amendments were for 1 year, not 10 years. They just took 1-year amendments and multiplied them by 10. They were not 10-year amendments. They were 1-year amendments.

No. 3, if you did total them and take out the duplication, they totaled \$37 billion, not the \$500 billion asserted by the Senator from Pennsylvania. That is an absolute fiction, a concoction. It has absolutely no merit.

What is really interesting is what the Republicans did. Our amendments, if you can total them—which you should not do because they were not offered as a package—but if you did, they were \$37 billion.

But do you know what the Republicans did when they recaptured control? They went into a conference committee, locked out the Democrats, and they came back and increased spending by \$63 billion.

Let's look at the difference between what they are saying and what they did. Here are the amendments we offered to the Omnibus appropriations bills. Each one of them was offered individually.

We offered improvements in homeland security. It would have cost \$5 billion. That was defeated. So that money was still available. We then offered an amendment to improve education. That was defeated. It would have cost \$6 billion.

What the Senator from Pennsylvania has done is add up all these. They were not offered as a package. They were offered individually. They were 1-year amendments, and he multiplied them as 10-year amendments. What is interesting is, if you did add them all up,

they do not cost \$500 billion; they cost \$37 billion.

But look what our friends on the Republican side did when they captured control and wrote the final Omnibus appropriations bill. They went into the conference committee and came back with \$63 billion of add-on—\$63 billion—trumping us almost two to one if you did accumulate our amendments.

Mr. REID. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. REID. I say to the Senator, will you leave the chart, please?

Mr. CONRAD. Yes.

Mr. REID. It is my understanding that the \$37 billion was done in the Senate where there was full debate and recorded votes. Is it true that the \$63 billion, which was added on, was done in a secret, closed meeting, with no public able to watch what went on, no one knowing how the votes were cast, and not a single Democrat was in the room?

Mr. CONRAD. That is correct. Rarely have I seen in my time in the Senate—I have been here 17 years—rarely have I seen somebody come out with a more fabricated chart than the one presented by the Senator from Pennsylvania. It is false in its detail. It is false in its assertion. It is a complete fabrication. For him to come and say our amendments on the budget resolution were not offset is absolutely false, and the record shows it as clearly as it can be shown.

On the appropriations bills, to assert we offered \$500 billion of amendments is just false. It is not true. We authored, if you totaled them, \$37 billion of amendments. But you cannot total them. They were offered one after another. We would offer an amendment. It would be defeated. Then we would take that same money and offer a different amendment. That is the fact of the matter.

But what is most interesting is, if you did total them, we were completely outstripped by what the Republicans did when they went into the conference committee between the House and the Senate to work out the differences and they came back and increased spending \$63 billion.

Now, let's talk about who has responsibility here for the explosion of the debt, because that record is very clear. Our friends on the other side are in total control. They control the House. They control the Senate. They have since 2001. They control the White House. This is what has happened to the debt under their stewardship and under their leadership. The debt has exploded.

When President Bush took office, the publicly held debt was projected to be, in 2008, at that amount, \$36 billion. In his 2002 budget, it got raised to \$1.2 trillion. Then his tax cut passed and it went up to \$1.6 trillion. Then the President's 2003 budget came up and he expanded the debt to \$3.3 trillion. Then we got his budget for 2004 and it in-

creased the debt to \$5 trillion. Then we got the Senate GOP 2005 budget and they increase the debt to almost \$5.5 trillion.

These guys are totally in charge. The Republicans control the House. They control the Senate. They control the White House. It is on their watch that the debt has exploded. That is the fact of the matter. It is no wonder they are now trying to distort our record to give themselves cover for what they have done.

AMENDMENT NO. 2704

Mr. President, I am now going to lay down an amendment. I send an amendment to the desk. I might add, I have the agreement of the chairman of the committee that we will proceed with this amendment at this time. I inform the Presiding Officer, I have discussed this with the chairman. I send this amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD] proposes an amendment numbered 2704.

Mr. CONRAD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To require Congress to pay for any new tax cut or mandatory spending legislation until the budget is balanced without counting the Social Security surplus, to encourage Congress to work expeditiously to ensure the long-term viability and permanent sustainability of the Social Security program for current and future generations, and to ensure that Social Security benefits are not cut to offset the costs of enacting new tax cuts or extending the President's tax cuts that benefit the wealthiest among us)

At the end of title IV, insert the following:
SEC. ____ POINT OF ORDER TO PROTECT SOCIAL SECURITY FIRST.

(a) POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any direct spending or revenue legislation that would increase the on-budget deficit in any fiscal year until the budget is balanced without Social Security.

(b) SUPERMAJORITY WAIVER AND APPEAL.—This section may be waived or suspended in the Senate only by an affirmative vote of three-fifths of the Members, duly chosen and sworn. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

Mr. CONRAD. Mr. President, the amendment I am offering today is to protect the Social Security trust fund surpluses from additional raids. My amendment would establish a 60-vote point of order against the consideration of any direct spending or revenue legislation that would increase the on-budget deficit in any fiscal year until we have balanced the budget without counting the Social Security surpluses.

Very simply, what this amendment does is to say, no new spending, no new

tax cuts, unless they are paid for, until we secure Social Security, until we stop the raid on Social Security trust fund surpluses.

I said from the beginning that President Bush's fiscal plan would ultimately threaten Social Security. I believed it then, and I, unfortunately, believe that events have confirmed how seriously the President's fiscal plan threatens the fundamentals of our economic security.

Now we see the Chairman of the Federal Reserve, Chairman Greenspan, suggesting we are overcommitted. He has said to the Congress of the United States that he recommends we consider reducing Social Security benefits. That is where the President's overall fiscal plan leads. It fundamentally threatens not only Social Security but Medicare as well.

I want to go back to 2001 and what the President told us then. The President told us, in his budget blueprint for the 2002 budget:

None of the Social Security surplus will be used to fund other spending initiatives or tax relief.

Yet that is precisely what we see happening. Not only is the President using Social Security, he is using \$2.4 trillion of Social Security surpluses over the next 10 years. Let me be quick to say they are not surpluses. All of that money is going to be needed to pay for the retirement of the baby boom generation. The President, who pledged not to take the money and use it for other purposes, is doing precisely that. He is using every penny of the Social Security surplus over the next decade to pay for his tax cuts and other expenses of Government.

Interestingly enough, if one looks at the Social Security money that he is borrowing over this next 10 years to pay other bills and compares it to the cost of his tax cuts—both those already passed and those proposed—one finds a very close fit, a very close fit between the money he is borrowing from Social Security, with no plan to pay it back, and the cost of his tax cuts. They are almost identical.

There is \$2.4 trillion of Social Security money taken over the next 10 years—all of it financed with payroll taxes, primarily paid by middle-income people—and he is using it to provide income tax cuts that disproportionately go to the wealthiest among us.

It is very interesting to pierce the veil and to see what the President is doing and to see the full effects of his policy: \$2.4 trillion taken from Social Security—borrowed, if you will—and then used to finance income tax cuts.

If we look at who the beneficiaries are of those income tax cuts, here it is: We see overwhelmingly they are going to the wealthiest among us. The top 1 percent, those earning over \$337,000 a year, get 33 percent of the benefits of these tax cuts. Almost 69 percent of the benefits go to the top 20 percent.

Shown down here on the chart, the bottom 20 percent get virtually nothing. The second 20 percent gets 4.8 percent of the benefits. The middle 20 percent gets 10.6 percent of the benefits.

The fourth 20 percent in terms of income, those with \$73,000 or less in income, get 15.8 percent of the benefits. The top 20 percent get 69 percent of the benefits.

If we look on the recipient side, those who get Social Security benefits, that is instructive as well. What this chart shows is almost two-thirds of retirees rely on Social Security for more than half of their income. In fact, 31 percent of Social Security beneficiaries get at least 90 percent of their income from Social Security benefits; 33 percent get 50 to 89 percent of their income from Social Security; and 36 percent get less than 50 percent of their income from Social Security.

What is going on is—again, I like to use the term “pierce the veil”—the President is borrowing from the Social Security trust fund, \$2.4 trillion during this next 10 years, using it to finance income tax cuts costing \$2.5 trillion. The income tax cuts go overwhelmingly to the wealthiest among us. Thirty-three percent goes to those earning over \$337,000 a year, and it is all financed by payroll taxes paid disproportionately by middle-class people. In fact, over 70 percent of Americans pay more in payroll taxes than they pay in income taxes.

This is the greatest shift of wealth that has perhaps ever occurred in our history, from the many to the few. That is the President's plan.

Here we see the difference Social Security has made, before we had Social Security and without it. Nearly 50 percent of beneficiaries would be in poverty. That has been the extraordinary power of Social Security and Medicare. It has lifted people out of poverty. Before we had Social Security and Medicare, almost half of seniors were in poverty. Social Security has reduced that to 9 percent; 9 percent now of our seniors are in poverty. What a remarkable social program this has been, the combination of Social Security and Medicare, to lift people out of poverty.

The President says: Well, we have a big shortfall in Social Security over the next 75 years.

Indeed, we do. The 75-year shortfall in Social Security is \$3.8 trillion. That is according to the actuaries. But interestingly enough, if you look at the cost of the President's tax cuts over that same 75-year period, they are three times as much: \$12.1 trillion is the 75-year cost of the President's tax cuts.

All of this should inform what we face in the very near future. The President's massive runup of deficits and debt is occurring at the worst possible time, right before the baby boomers begin to retire. This chart shows it very well. It shows the tax cuts explode as the surpluses in the trust funds of Social Security and Medicare become deficits.

The green part of these bars is the Social Security trust fund. The blue part is the Medicare trust fund. The red is the costs of the President's tax cuts. What you can see is right now the surpluses from Social Security and Medicare are larger than the cost of the tax cuts. As I have indicated, over the next 10 years the Social Security surpluses that are being taken to finance the tax cuts are about equivalent to the cost of the tax cuts. That is over the next 10 years. But look what happens when the trust fund goes cash negative. At that very time the cost of the tax cuts explodes, driving us right over the cliff into deeper deficit and debt. This is what is so fundamentally flawed about the President's fiscal plan for this country. We see the same flaw in what has been reported out of the Budget Committee. It is seen most clearly in the President's plans because of his adherence to even more tax cuts when we are running record budget deficits. The President is proposing increasing spending and cutting revenue when we already can't pay our bills. What does that do? We can see what it does as he takes more and more of the Social Security money to finance tax cuts and other expenditures. That string starts to run out when the trust fund goes cash negative.

Unfortunately, the President has made no provision for it. His answer is: Cut the revenue more. Spend more, when you already have record deficits.

This is where it is all headed. It is not just the Congressional Budget Office and it is not just this Senator's calculations. We see these warnings coming from the Comptroller General of the United States. We see them coming from the International Monetary Fund. We see them coming from responsible budget groups warning the President has us on an unsustainable course.

Here is what is going to happen with Social Security. We are going to see a dramatic increase in the number of people who are eligible to receive it. There is going to be a doubling of those eligible for Social Security. We have about 40 million people now who are eligible for Social Security. That is going to double to more than 82 million. The President has no plan to deal with it.

Unfortunately, what he is doing is taking the Social Security surpluses. We can see the pattern on the Social Security surplus. We can see it is at very high levels now. The Social Security surplus for this year will be about \$160 billion. That continues to increase dramatically in preparation for the retirement of the baby boom generation. But instead of using this money to pay down the debt or prepay the liability, the President is taking it all to finance current tax cuts and other expenditures, putting us in a more vulnerable position.

My amendment says, let's protect Social Security first. We protect the Social Security trust funds from fur-

ther raids by preventing the consideration of new revenue or new spending that is not paid for until the budget is balanced without counting the Social Security surplus. This is enforced by a 60-vote point of order.

I want to make clear, the basic idea is if you want new spending, if you want new tax cuts, you can do it, but you either have to pay for it, or you have to get a supermajority vote. We would maintain that discipline until the raid on Social Security is stopped, until we stop the Bush administration from using Social Security funds to pay for tax cuts and other expenditures.

This is a commonsense amendment. I hope very much our colleagues will support it. It is critically important to provide the discipline on both the spending side and the tax side as we go forward.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my colleague for this amendment. For the information of our colleagues, it is my expectation we will probably vote on this amendment shortly after lunch, unless others wish to speak on it. We are happy to accommodate that.

I rise in opposition to the amendment, but I want to give a little explanation about what, in my opinion, this amendment does and does not do.

First, if we did what my friend and colleague from North Dakota is saying, we would be in violation of the Budget Act.

In the Congressional Budget Act of 1974, section 301, there is a Social Security point of order that says it is against the law to bring any budget concurrent resolution to the floor of the Senate if you do anything detrimental to the so-called trust fund. I will read the point of order:

It shall not be in order in the Senate to consider any concurrent resolution on the budget or amendment or motion or conference report on the resolution that would decrease the excess Social Security revenues over Social Security outlays in any of the fiscal years covered by the concurrent resolution.

That is strong. That is the law. We comply with the law. If we did not, our entire budget would fall. I make that point.

Senator CONRAD eludes to the fact that we are raiding Social Security. I disagree with that entirely. With great respect, I will say Senator CONRAD's budget, which he wrote in 2002 that passed the committee but did not pass the Senate, did the exact same thing, for at least \$866 billion. I understand politics, and I understand the way this is being framed, but it is absolutely wrong. What do we do with a Social Security surplus? Senator CONRAD is correct, there is \$166 billion more Social Security taxes coming into the Social Security trust fund than money going out.

What do we do with the excess money? We do exactly what the law says we should do. We take that money and buy Treasury bonds that are supposedly invested in West Virginia. I say "supposedly" because all the money got into one big pot. Social Security, as well as income taxes, all goes into one big pot.

If you are an employee and look at your W-2, you have withholding for Social Security and income taxes that goes out every payroll period. All that money goes into the U.S. Treasury. Half does not go over here and half over there. All of it goes into the Treasury, and Treasury writes the checks.

With Social Security, if they determine there are less outlays than income, they take the balance and buy T bills. That is a commitment by the U.S. Treasury to pay it back with interest. That is the law of the land, and that is exactly what we do. That is exactly what we do under this resolution.

This chart shows exactly what the trust funds will be approximately, with the budget and without the budget. The trust fund is exactly the same because we take every dime of the surplus and we buy T bills with it. I might add, if our colleagues on the other side of the aisle offered a budget, it would be exactly the same or else their budget would fall.

I just make that point. I hope people do not get confused about all the raiding talk. We buy T bills with the Social Security surpluses. That is what has been done for years because that is the law of the land.

There is some discussion that if we had a surplus, maybe we should buy equities or not buy equities. You could buy major corporations, you could buy a very significant portion of the stock exchange, and so on. But we did not do that. We follow the law of the land. Instead of picking out which company or sector might benefit from a Government investment, we said, no, we are going to buy T bills.

With those T bills, we can do one of two things: spend the money or pay off debt. But that is beside the point. The trust fund is basically the same, the obligation to pay. We are not changing the law of the land. The law of the land is we have obligations to pay Social Security benefits based on formulas. We can change those formulas. We can change eligibility. We can change retirement age. We can change the cost-of-living benefits. We can take a lot of different actions. Congress can do that. We cannot do it under a budget resolution, not if it is detrimental to the health of the trust fund.

I want to make sure everybody understands we are not raiding the Social Security trust fund. The Social Security trust fund is going to be exactly the same under this resolution as before because that is the law of the land, and we abide by the law.

I also repeat, Senator CONRAD's budget and, frankly, any budget that I have

seen in my years in the Senate—and I have seen 24 of them—we did not pass Senator CONRAD's budget, but the 23 we passed all treated Social Security the same—all did.

What about this point of order he is creating? That sounds pretty good, and I think I hear him correctly when he says no new spending and no new tax cuts unless we have this supermajority. Guess what? We exempt a whole lot of spending. According to CBO, we exempt about \$1 trillion of spending under the baseline. They just assume the spending is going to continue, even though, in many cases, the authorizations expire. But the way this is drafted and the way I can tell, we more or less exempt that.

For example, the farm bill. The farm bill expires at the end of 5 or 6 years. Under this amendment, we would not say the new farm bill has to be paid for, at least that is not my interpretation of the amendment. So spending has an advantage compared to tax cuts.

Any tax cuts, because tax cuts are for a definite short term, a limited term, when they expire, they would have to be 100 percent paid for. But a lot of spending programs, over \$1 trillion worth of spending programs, would continue even though they are scheduled to expire. They are assumed to continue. Tax cuts are not assumed to continue. There is a big difference.

We also exempt appropriations. We can have big increases in appropriated accounts. Discretionary accounts—the money we spend—in some cases have been growing rather dramatically. We will exempt that. In this fiscal year, fiscal year 2004, we are going to have discretionary spending of about \$788 billion, according to the Congressional Budget Office, and we are projecting under the budget resolution \$814 billion. It may be higher. CBO scores the President's budget at \$823 billion. There is a difference between \$823 billion and \$788 billion of about \$35 billion. Under this amendment, no, you do not have to pay for that.

If we can have lots of increases in discretionary spending, that wouldn't have to be paid for. We basically exempt all the appropriated accounts, about \$1 trillion of mandatory spending that is assumed to continue. That does not have to be paid for.

What has to be paid for? What is the real target of this amendment? The real target of this amendment is if you want to continue present law in the Tax Code, you have to have 60 votes. That is what this amendment is really getting at, and it is trying to cloud the issue with Social Security.

We treat Social Security exactly the way Senator CONRAD did in his budget. We treat Social Security the same as every other budget that has been before the Senate. We treat Social Security according to the law. If we have surpluses, we buy T bills—that is an IOU—period.

The real essence of this amendment is, they would like to make sure that if

we are going to continue present law, we have to have 60 votes. That is the essence of it.

It means if there is going to be a lot of other legislation—maybe it is the prescription drug bill, maybe it would be the Energy bill, maybe it would be anything else—oh, that has to have 60 votes, too. We basically would be changing the way we do business in the Senate and say we have to have 60 votes for anything.

Some people think that should be the case anyway. I disagree. Some people go in with the idea that we are going to have a filibuster on every bill, have to have 60 votes. That is not the tradition of the Senate. That is not how the Senate historically has worked, and it should not work that way. Filibusters should be very rare and few, and it seems as if everybody wants to pull that trigger every time we turn around. I disagree with that practice, and I hope people will think about that further because it will greatly undermine the workings of the Senate.

Also, this amendment, in my opinion, would encourage spending because a lot of people around here do not like tax cuts. They would realize you could never have a tax cut if we were not in balance, minus Social Security, and, therefore, there is real tendency to increase spending with a majority vote and you have to have a supermajority to get tax cuts. So it is going to be a lot harder to get tax cuts and less harder to get more spending, and the more spending you get, the less likely a tax cut will happen.

Some of our colleagues and many people would love this bias towards spending because you can pass spending increases, discretionary spending increases, with a majority vote. They do not count and, therefore, if you spend more, it would be less likely to have tax cuts. Tax cuts would be out of order.

The more I think about this, the less I like it. I have great respect for my colleague from North Dakota, Senator CONRAD, but I think this amendment demagogues on the issue of Social Security.

Maybe it tries to inflame people about raiding Social Security. I absolutely think that is false. I told my colleague from North Dakota I look forward to having a hearing in the Budget Committee in the not too distant future on this whole concept of trust funds, what is there, what is not there, what obligations we have, what they really mean, because I think there are a lot of misconceptions about trust funds in general. I look forward to that.

I also will make a couple of comments on a few facts relating to Social Security. I know Senator CONRAD asked, is it not interesting because the Social Security surplus is just about equal, the same amount of money as the tax cuts? Well, I will show Social Security taxes and payroll taxes are just about equal—not quite equal—to

the total amount of money that we pay out in Social Security and Medicare.

So one could easily say the Social Security surpluses are used to pay Medicare. That is the point I am making.

As a matter of fact, they do not quite pay for Medicare. It so happens the Medicare beneficiaries are by and large the same beneficiaries of Social Security, and those are just some facts.

To give an example in the year 2004, actually the total benefits for Social Security and Medicare together are \$784 billion. The total amount of money coming in from payroll tax is \$753 billion. In other words, we pay out \$31 billion more than we take in on payroll taxes for Medicare and Social Security.

Somebody says: I am not aware of that. I thought we had big surpluses. We have surpluses in the Social Security trust fund theoretically because 12.4 percent of payroll tax goes in for Social Security; 2.9 percent of payroll tax goes into Medicare. I started to say it is the same payroll tax. If one looks at their W-2, it says FICA tax. A lot of people do not even know what FICA means. That is the Social Security and Medicare tax. It is 15.3 percent, which is 12.2 and 3.9. Do I have that right? I know that did not add up right—I have not given this speech in a while. It is 12.4 and 2.9, which equals 15.3, and that is what individuals pay. Self-employed individuals pay all of it. Individuals who have an employer, they pay half and the employer pays half. It adds up to 15.3 percent of payroll, up to a taxable base of \$87,900. Wow.

So my point is, if we add all the payroll taxes up, that is a lot, but it does not quite pay for all of the benefits that are going out in Social Security and Medicare. It is about \$30 billion short. Some people can say, well, those Social Security excesses are used to pay for tax cuts. I disagree with that. I think they are being used to pay for Medicare.

We subsidize Medicare. Under the budget, we pay for three-fourths of part B. That is the doctor expense. The beneficiary pays one-fourth and the Government pays three-fourths. The Government pays for it out of general revenues. My point is, this money is all going into one pot. All the money goes into one pot and comes out of one pot.

There is a balance. If there is a balance in Social Security, we credit that to the Social Security trust fund. We do it by the law. We do it the same way Senator CONRAD did when he passed his budget out of the Budget Committee.

So I hope we have a little less talk about we are stealing or raiding because that language is somewhat political or inflammatory. Again, let's stay with the facts and stick by the budget resolution. That is exactly what we do. Let's not create a bias for let's spend more, but if we are going to do more in spending, we are really not going to count that. We are not going to count incremental increases in discretionary. We are not going to count a trillion

dollars of entitlements that are assumed to be expanded forever, but if we want to extend present law on the Tax Code, oh, it has to be paid for.

Right now the child tax credit is \$1,000 per child. That is present law. Some of us want to extend that. The President of the United States wants to extend that. Some people are saying, oh, no, we think we should have to pay for that. What do they mean? They are trying to say, well, we think there should be higher taxes some place else. In other words, we want to extend entitlements.

I will make an editorial comment. I did not hear this argument raised when we were dealing with greatly expanding the Medicare bill. People said, oh, let's pay for it, let's make sure that is paid for with increased revenues or reduction in spending. No, it was not.

We have a bill that CBO estimates it will be a \$395 billion expansion over last year's bill. I think it will be more than that. The OMB said they thought it might be higher than that. They thought it might be \$500 billion and something. I would not be a bit surprised if it was higher than both estimates because we put in some very generous benefit increases. I did not hear a hue and cry about that.

Guess what. We did not terminate that law after 5 years or 10 years and say at the end of that 5 years it has been paid for. So it is going to terminate and go to zero unless other offsets or other cuts are found.

There is a real bias the way this would work that would benefit spending and be very much to the detriment of a continuation of tax increases at least, not to mention further tax reduction.

I happen to be proud of the tax reduction that we passed last year. I was very involved in it. I think that was very good tax relief. I think we have seen positive results of the tax bill that we passed last year.

Yes, we cut the tax rate on capital gains, and I think revenues are starting to come in. We cut the tax on dividends. We tax dividends higher than any other country in the world. Chairman Greenspan said we should probably have a zero individual tax on dividends. He said we should only tax dividends once. Now we tax them about one and a half times. We have a 15-percent rate on dividends.

I understand some people want that rate to go up to 35 percent, or maybe they want it to go to 39.6 percent. Maybe they want it to go higher than that. I wonder what the reaction would be for the stock market and what people's 401(k)s would do and what their investment balance would be. Because we made those tax changes last year, there is the best economic growth news we have had in decades in the last two or three quarters. It has been great, positive economic news. That is really good. We have seen the stock market grow by 40 percent from last year at this same point.

Now, some people want to increase those taxes. I do not. I want to continue them. Yet under the Senator's amendment to continue present law, there would have to be 60 votes. A lot of people realize right now 60 votes are very hard to obtain on a lot of issues.

Under Senator CONRAD's amendment, I would think there would have to be 60 votes to do anything. There would have to be 60 votes to pass an Energy bill. There would have to be 60 votes to pass an increase in child nutrition on which Senator DOLE and some others are working. There would have to be 60 votes to pass family tax relief; i.e., the marriage penalty relief that we gave for married couples who have taxable income of \$58,000, we are going to tax them at 15 percent. That is present law. Some of us want to continue that.

If we do not continue that, that means instead of paying 15 percent up to \$58,000, people start paying 25 percent around \$52,000. There is a \$900 difference. I do not want to sock it to middle-income families who earn \$58,000. Maybe it is a teacher and a spouse with taxable income of \$58,000. They are not particularly wealthy. I keep hearing about all of this benefit going to the wealthy. The tax cuts we are trying to extend are very pro-family tax cuts and, frankly, directed towards middle-income Americans. I want to be able to continue that. Senator CONRAD's amendment says there would have to be 60 votes. There would have to be 60 votes for almost anything at least for the next 10 years.

I do not think that is the road we want to go down. I urge our colleagues at the appropriate time to vote no on the amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I think this is a very important debate, and I thank my colleague for the way he has joined the debate. I disagree profoundly with him. He knows that, but that is what a debate is about. I think this is absolutely one of the most critical debates that we can have because of where we are headed.

The Senator from Oklahoma put up a chart that lumps Social Security and Medicare together as though they are one program. They are not. Social Security is completely separate and apart from Medicare, as the Senator knows. The Senator says if we look at all of the payroll taxes, they do not cover Medicare and Social Security. So there is no real surplus. But that isn't the way these programs are funded. Social Security is funded with payroll taxes. If you look at Social Security, the revenue coming in is far in excess of the money going out. This year there is a \$160 billion Social Security surplus. For this next year, it will be \$172 billion. By 2009, the surplus in Social Security will be \$235 billion.

Under the President's plan, and under the chairman's plan, all of these surpluses in Social Security are going to be taken and used to pay for other

things. It is very interesting to see that the Social Security surplus being taken over the next 10 years is almost equal to the amount of the income tax cuts proposed by the President. You have what I consider a spectacle of financing income tax cuts that primarily go to the most wealthy in the country out of payroll taxes being paid predominantly by middle-income people. Then you don't have the money to keep the promise in Social Security, so you have the head of the Federal Reserve coming to Congress and saying: Whoops, you are overcommitted, you better cut Social Security benefits.

Look, I don't think it was ever anticipated when Social Security was reformed that those surpluses would be used to pay the operating expenses of the Government. You couldn't do that in the private sector. No private sector employers could take the retirement funds of their employees and use them to pay the operating expenses of the company. You could not do that in the private sector. If you did, you would be on your way to a Federal facility, but it would not be the Congress of the United States. It would not be the White House. You would be on your way to a Federal facility, all right. It would be a Federal prison, because that is a violation of Federal law, to take the retirement funds of employees and use them to pay the operating expenses of a company. That is a violation of Federal law. That is exactly what we are doing here. Let's understand what we are doing.

Mr. NICKLES. Will the Senator yield?

Mr. CONRAD. I will be happy to yield.

Mr. NICKLES. Correct me if I am wrong. What we are doing with the excess money is exactly what the law states. According to the statute, and I will show you the statute, it says you buy T-bills with it, and correct me if I'm wrong, that is exactly what we are doing with the surplus.

Mr. CONRAD. The Senator is exactly right. The problem is this. That is what is being done. How do those T-bills get redeemed? We have borrowed the money under the President's plan, all of us, instead of using it to pay down debt or to prepay the liability. The cash is gone. The cash has been used for something else, leaving an IOU behind.

How does the IOU get paid back? The President has no plan to pay it back. The only way I believe the President intends to pay it back is dramatically reduce Social Security and Medicare payments in the future. I think we have seen a forewarning of where it is headed with the head of the Federal Reserve saying to people you ought to consider cutting Social Security benefits.

The Senator said payroll taxes don't pay for Social Security and Medicare. They were never designed to pay for both. Payroll taxes were designed to pay for Social Security and those funds

are in surplus, but they are being used for another purpose. Medicare is a separate program, financed in part by payroll taxes, in part by general fund transfers. So these are not the same programs. They are not funded in the same way. The fact is payroll taxes, in both the part of Medicare they fund and in Social Security, are in surplus, and the surpluses, the funds, are being taken and used to pay the operating expenses of the Federal Government. I think that is a serious mistake.

What is the alternative? I think the alternative is to use the money to either pay down debt or prepay the liability. That is what most people would do in their private lives, getting ready for retirement, and that is what we should have done to prepare for the retirement of the baby boom generation.

The Senator says all the money goes in one pot, and that is exactly right. That is how it works. All the revenues coming in go in one pot. All the expenditures come out of that pot. The problem with that is all these revenues are not the same. Some of them are supposedly for a trust fund for Social Security and Medicare. Those moneys are designed to be in surplus now in preparation for the retirement of the baby boom generation, but they are not being used in a way that will prepare for the retirement of the baby boom generation.

The Senator talked about budgets I have offered, and that they are exactly the same as what is being done here. No, I say respectfully, no, they are not. In 2002 I proposed a budget that had \$473 billion less in deficit. Why? Because I wanted to use that money to prepare for the retirement of the baby boom generation. In 2003, my budget had \$523 billion less in deficit and added debt. In 2004, my budget proposal had \$1.2 trillion less in deficit and debt for the budget period.

The reason was, I wanted to use that money to either pay down debt or prepay the liability we all know is coming.

Mr. NICKLES. Will the Senator yield?

Mr. CONRAD. I would prefer not to yield for the moment. I would like to complete a thought and then I will be happy to yield.

My own belief is that would have been a much better strategy for the country than to run up the credit card. Obviously, once this hole has been dug so deep, any budget one writes for a time will use Social Security money. There is no other way to write one anymore. This hole has been dug so deep, the Senator is correct when he says budgets I offered last year would have used Social Security funds for a time. Absolutely. There is no way to write a budget anymore that does not.

The trick is to get on a glidepath to stop it. We did that successfully in the late 1990s. I was very proud to have been part of the 1993 effort and the 1997 effort. Those two budget plans put us

on a course to stop using Social Security money for other purposes, and for 2 years we stopped what I considered to be a raid on Social Security. We stopped it.

The President pledged to continue that policy, not to use Social Security revenues for other purposes. Why did he make that pledge if he didn't think it was important? Why did he make that pledge if he didn't think it was important?

He thought it was important. I think the vast majority of Members in this body pledged to protect Social Security funds. But it is not being done.

On the question of this amendment, whether there is a bias towards spending or tax cuts, I would say there is no intention to have any bias here. When we have put in place budget disciplines, I say to my friend, the chairman of the committee, we have always targeted mandatory spending with respect to pay-go provisions and revenue. That is how we have done it in the past—mandatory spending and revenues. That is what this amendment does.

We have used spending caps to discipline discretionary spending. I support both. I think we need both disciplines. Mandatory spending is now two-thirds of Federal spending. We just saw the biggest increase in mandatory spending ever last year, a program that now they tell us will cost \$530 billion over the next 10 years. I think it would have been very healthy to have in place the budget discipline my amendment contemplates. My amendment says no new mandatory spending—and that is two-thirds of Federal spending—and no new tax cuts, unless they are paid for, until we stop using Social Security money, Social Security surpluses to pay other bills of Government, to pay for tax cuts, to pay for other expenditures of Government. I think that would be the right policy to put in place.

The Senator says, Then you would require 60 votes for all these kinds of spending initiatives. Absolutely, I would. I would put in place a requirement for at least a supermajority vote, at least 60 votes for new spending. I would put in place a supermajority requirement for additional tax cuts. And, I say to my colleague, I would be part of the 60 on the middle-class tax cuts. I have stated publicly I am for extending the 10-percent bracket. I am for extending marriage penalty relief. I am for extending the child care credits. I would even vote to extend the expensing for small business. Sign me up. I will work to get the 60 votes. But I think it ought to be paid for. I think any new spending ought to be paid for, until we stop taking the Social Security funds and using them to pay other bills, to pay for the tax cuts, and to pay for other expenditures of Government.

I think at this time with the baby boom generation about to retire we ought to be taking those Social Security surpluses that are being generated

now that we all know are going to be needed when the baby boomers retire and we ought to use that money in one of two ways: We either ought to pay down the debt with it to better prepare ourselves for what we all know is to come, or we ought to prepay the liability.

That is what I urged my colleagues to do back in 2001 when we had these supposedly huge surpluses. I urged that we use a third of that money to either pay down the debt more or to prepay the liability that we all know is coming. I think that would be a far wiser course than the one we are embarked on now.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, I am reminded of the movie "Show Me The Money."

I say to our friends on the Democrat side, show me this budget because this budget would do exactly the same thing. Senator CONRAD's budget that was written in 2002, which passed the committee and did not pass the floor, used \$866.3 billion of the Social Security surplus under his budget. If I wanted to—I am not going to do that because I don't believe in that—I could say you were raiding Social Security and using that spending on other programs. I am not going to do that because I don't think that is correct.

I think what he did was the same thing every other budget did whenever there has been a Social Security surplus, and that is buy securities. I will quote the law. That is the law of the land. If we are breaking the law, let people know. People say you are taking that money and spending it on other things. We are investing that money in T bills. I make the argument that it is an entry and say this is how much the trust fund is, but it is exactly the same under this budget as it would be under Senator CONRAD's budget. If I had an alternative or any other budget that anybody else would offer, it would be exactly the same. You are bound by law to purchase T bills, which are basically Government IOUs saying we will pay this amount of money with those T bills.

The Government receives money. What do they do with it? They use it to either spend money or pay down the debt. By and large, over the last many years, it has been used for other things. The Government has that money. The Government has to buy the T bills. We have a T bill. We take that cash and buy a T bill with a promise for a future obligation. That obligation is paramount. It has always been made by the Federal Government.

That doesn't mean Social Security doesn't have problems in the long term. Demographically there are fewer people writing the checks than people who will be receiving them. People who will be receiving the checks are living longer. We have some demographic problems that need to be addressed.

Incidentally, it is a lot worse in Medicare than it is in Social Security. We need to be talking about it. I am happy to discuss long-term challenges that we have, whether it be Medicare or Social Security.

The Medicare challenge is about five times greater than Social Security. I think some people think they can score political points with Social Security and are maybe trying to scare senior citizens. This is happening. They forget to say they did the same thing. We have always done the same thing but we think maybe we can score some political points. I urge our colleagues not to go down that road.

There is a bias. There is definitely a bias in this amendment towards spending. We don't count discretionary spending. You can increase discretionary spending under this resolution by \$100 million per year. You don't have to pay for that. There is a trillion dollars' worth of spending that the Congressional Budget Office has on mandatory programs that expire. Those won't be included. They can expire but we will just assume they continue. You don't have to pay for those. But if a tax cut expires, you have to pay for that. But you don't have to on mandatory programs. I find that argument very inconsistent.

For all the above reasons, I urge our colleagues to vote no on the Conrad amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, this is a very important debate. I know it is probably hard for people at home to follow.

The Senator says we are treating the money exactly the same way, and that we are following the law. To a point, he is exactly right. When the money comes in, the Social Security payroll tax revenue comes in, and the money is used, as he described, to buy what are special issue Treasury bonds with the full faith and credit of the United States.

The Senator made reference to West Virginia. That is where those bonds are in a vault calling on the Federal Government to pay back Social Security for the money that has been borrowed. The difference is, What is used with the receipts? What is used with the actual cash?

I believe the right course would be to use that cash to either pay down the Federal debt or to prepay the liability that we all know is coming in Social Security.

The budget I proposed in 2001 for 2002 did precisely that. Instead of having as big of a tax cut, I had half as big a tax cut and used the rest of that money to pay down the debt or prepay the liability.

There is a fundamental difference here about how to use the cash receipts that are the overage from the money coming in from Social Security payroll taxes that are over and above what is

needed to pay the immediate benefit. The Senator says we are following the law. Yes. We are following the law. But it is also true that we are taking the money, and instead of using it to pay down the debt or prepay the liability, we are using it to pay for other tax cuts and to pay other Government expenses.

I believe that is a profound mistake. The only way we get back to some policy that stops that practice is to discipline both the spending side of the equation and the revenue side of the equation to require a 60-vote point of order against new tax cuts or new spending that is not paid for.

I think it would be a tremendous advance for this Congress to say, Let's secure Social Security first. That is the first thing we ought to protect. The way to do it is to provide additional discipline on the spending side of the equation and the revenue side of the equation, to say if it is not paid for, it has to require a 60-vote hurdle, a supermajority vote, for new taxes and for new spending that is not paid for.

I note the Senator from New Jersey is seeking time. How much time does the Senator desire?

Mr. LAUTENBERG. I would like about 20 minutes, if I may.

Mr. CONRAD. Let me yield 20 minutes off the resolution to the Senator from New Jersey.

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

Mr. LAUTENBERG. Mr. President, I have listened to this debate with interest. Frankly, if this were a theater, which it often is, I would still be looking for the direction that this play is going to take.

When we look at the budget resolution before us, I think what we are seeing is downright deception. I think it is fair to say that those who look at this budget resolution with favor and try to make the case for it are doing it, but I think it has a hollow ring to it.

There are a number of games being played, as our friends on the other side present their picture of this new budget. By way of example, there is 1 year of relief from the AMT, the alternative minimum tax, included in their calculation. This AMT will cost something over \$650 billion to fix for a 10-year-period.

There is only \$23 billion included for this year. There is only 1 year of funding for continued military operations in the war against terrorism.

All Members know we speculate about where we will be going with our needs in Iraq. It hardly seems reasonable to put out a \$30 billion figure that represents a single year when over a 10-year-period it is believed it will cost \$280 billion.

The question is, What kind of accounting are we seeing in this budgeting? Is the Bush administration following the practices we are seeing in the corporate world? The practices getting so much criticism, the audit reports on Enron and Tyco and

WorldCom, are we following their example? Or perhaps they learned their accounting from the actions of our Government, which is making promises that are so outrageous they will never be kept—cannot be met? If we had a stock issued, I would say they were trying to push the stock price; perhaps they are, but it is called electioneering.

It cannot be done. The people on their way to prosecution, the leadership in Tyco, Enron, or WorldCom, who are now being punished for their deception, have learned you can say all you want but when it comes time to evaluating, it has to be in practical terms.

What happened? I served as the ranking member of the Budget Committee during the period we moved from deficits to surpluses. I and so many others were proud of our accomplishments. That is why it is so disturbing for me to see all of our hard work undone. I tip my hat to our colleague from North Dakota who is now the ranking member of the Budget Committee for his hard work. It is never an easy assignment. It is fair to say that we feel compelled on our side to tell it like it is. What is going on is shameful.

Consideration of this budget resolution also provides a much needed opportunity to review the economic record of this administration. Unfortunately, the report card does not show a passing grade. We see it in the confidence that is lost by the public across this country. Why has the confidence been lost? Because over 2 million jobs have been lost and people feel that.

Last Thursday or Friday we had a hearing at the Democratic Policy Committee where we had unemployed workers talk about what life is like after losing a job. They talked about a small company in Michigan where some 2,700 people were employed in a town of about 9,000. The company, Electrolux, is packing their bags and going to Mexico.

The man who worked there for 23 years described the personal impact it had on him. He said: I have a daughter in college. I have two kids following. I had health care taken care of. I paid my mortgage. I did everything I could for my family, held my head high, walked with dignity. Now my life has retreated into a shameful morass. He could barely talk at one point because he was choking with tears.

He asked: What has happened? He said if a cyclone hit, the damage would not be any less than closing this factory. Everything, the infrastructure, the storekeepers, the gasoline station, everyone is going to feel this impact.

That does not affect what is happening in this administration. President Bush will be the first President to preside over a net job loss since Herbert Hoover was in office during the Depression. Fortunately, or unfortunately, I am one of those people who lived through Herbert Hoover's presidency. You have to live a long time because Herbert Hoover was President at

the end of the 1920s. He brought panic and havoc to our society, our country.

It is astonishing, but there are fewer people at work today than when George W. Bush was sworn in. Yet the country has grown substantially; the population has increased.

To make matters worse, President Bush was given a 10-year surplus estimate of \$5.6 trillion. Now CBO is projecting—and we do not hear anyone challenging it—CBO is projecting a \$3.5 trillion Bush deficit for the same period. That is a reversal of fortune of almost \$9 trillion. That change in direction is so gigantic, it cannot be happenstance. It cannot be attributed to carelessness. It can only be due to recklessness or by plan.

The plan is a grand scheme to shift the size of Government—this has been pledged by this administration—and the functioning of our Government while effecting a transfer of wealth hardly seen in contemporary times, in a way often seen in the days of monarchies or revolution, the transfer of wealth from the middle class and the poor to the wealthy.

I saw a statistic the other day in the newspaper that said in 1977, the top 1 percent of the wage earners of this country earned as much as the 49 percent at the lower end of the wage scale. In reverse terms, if you took accumulated earnings of 49 percent of our people and put it in a pot, it would have to be a giant pot, it would equal the 1 percent of the people on the top end, people who had all of the means they needed. Worse, after 22 years, in 1999, that ratio shifted to 1 percent earning what 55 percent of the people earn; 55 percent all lumping their wages all together equals what 1 percent of our population is earning.

Substantial reductions in programs will directly affect people's incomes. If they cannot afford to get the babysitters, if they cannot afford to educate their children, if they cannot afford to take care of their wellness, if they cannot afford to see their health care needs are taken care of, that is a cut in income. It is deliberate. Otherwise, we would not have had a debate on whether overtime ought to be stripped away from people who work hard and who depend on overtime as part of their ordinary compensation. But, no, we lost that debate here because the Republicans in the House did not want to go along with it.

When we look at the budget, we cannot look at this budget out of the context of where we are as a society. Jobs are necessary. It is important we stop outsourcing our opportunity to create more jobs and more income. It is not a happy picture.

Republican irresponsibility with regard to the Federal budget is threatening the long-term solvency of Social Security and Medicare, right as the first cohort of baby boomers gets close to retirement age.

Everybody knows if your expenses are higher than your income, there is

only one way to meet your obligations, and that is, to borrow it. That is what we have done. What we are saying to people across the country is: Don't watch your spending. Just go ahead and borrow it. Does that sound like good advice to kids who are growing up and learning? I do not think so. Borrow it. Borrow it from Social Security. Borrow it from Medicare. That is what you do.

The fact that it could totally obliterate the ability of these programs to carry on in future years does not seem to strike home, not as long as we can give tax cuts to "fat cats." I speak as someone who has had the good fortune of having been in business and having had a success. I am going to get a tax break, I am told, of substantial proportion.

I do not want to be a showoff. I do not want that tax cut because that is hardly a legacy that means anything to my children. I have 10 grandchildren, the oldest of whom is 10. So their lives are way out in front of them. What would I want to do, more than anything, for those grandchildren of mine? It is to have a country that is stable, that is harmonious, where people are getting along, where everybody has a chance, where jobs are available, where when they get to retirement age they know Social Security will be there for them, where they know their health care and their children's health care can be taken care of. That, to me, is the legacy I would best and all of us would best leave our children.

For me to take a tax cut, for others here who have been financially successful to take a tax cut, while the country is bleeding financially, while we steal it from Social Security and Medicare and other programs, while only half the 1.6 million kids who are eligible for Head Start are enrolled—I took a minute today to learn a little more about Head Start.

Head Start is for little kids who do not have the chance to understand what learning is about, maybe because they come from poverty-stricken homes, or perhaps they have a single parent, or maybe there is not even a parent in the house, maybe they live with grandparents. It is a program that teaches them there is more ahead in life than they see in their own homes. It teaches them it is good to learn. It teaches them when they get to school—and these are kids who are 3, 4, 5 years old—learning is a good objective. It teaches them something else, that there is a place where they can get some nutrition, get a meal or two, while they are in the care of those who are running the Head Start Program.

It also says something else to them: If you feel sick, you can see a nurse or a doctor. But even as you grow, what else can happen is you can get care for your wellness. We can see things that might attack you physically, diseases that are threatening. You can get injections or inoculations, and you can get a medication that will help the child grow and develop.

Mr. President, hundreds of thousands of those kids are going to lose their programs because "fat cats," people who earn, on average, \$1,000,000 a year, or the top asset holders in this country of ours, will get a \$100,000 tax cut. And it does not mean anything. When you are worth \$10 million, \$100,000 is not a difference in your life. So to do that and take away care for hundreds of thousands of children in Head Start is outrageous.

We have other silly things going on. We decided in the budget we would get rid of 2,000 meat inspectors, when we have mad cow running around and chickens dying of disease. Yes, cut down on the number of people who are doing meat inspections. Take 25,000 cops off the street who are now in the COPS Program.

I was in communities in New Jersey talking about what it means for a community with a small police department to lose two, three, five, six cops who are there on the Federal program, to lose them and their law enforcement efforts as we try to fight crime and be on the alert for terrorism.

It says over 20,000 veterans, as a result of that tax cut for that "fat cat"—it almost has a rhyme, but there is no reason to it—it means 20,000-plus veterans will lose their health care.

I had the good fortune to serve in the Army in World War II a long time ago in the European theater, and I know this: The people who count the most on the Government's promises are those who serve us so gallantly in the military.

We had a visit the other night to Walter Reed Hospital and talked to people who have been severely wounded, some with the loss of a limb, or even the loss of two limbs. One young man I spoke to was 23 years old. What is the prospect for his life? He will get a prosthesis that will help him get along, but we have to make sure the Medicare we give him is the best we can possibly do. But in this budget, there are cuts in VA health programs.

The administration will not take responsibility for the problems I have just outlined. They do not even acknowledge these problems exist. The Republican solution is to hide the direction and the cuts in vital programs and hope no one is going to notice or deceive people with sleight-of-hand tricks, like starting a purportedly good—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent, can I have 10 more minutes?

Mr. CONRAD. Mr. President, I give 10 more minutes off the resolution to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I thank my colleague from North Dakota.

We take a program such as the Medicare program that belted its way through this House, that made empty

promises to people—but they are going to pay more. Everybody knows it. It is going to cost more, and they are going to get less.

There is a battle about whether the administration can send out circulars that purport to describe the benefits of this health care program. It is an election campaign distribution. We understand 36 million copies of a pretty circular, showing someone healthy and praising Medicare, are going out across the country. But they do not start the program until 2006. Why is 2006 a magic number? Because in 2004, as we all know, there is a big-time election, and we do not want to have an election after the new Medicare program has started because when people see it in action, they are going to be angry, they are going to be sore. They will not want to vote for anybody who is responsible for that program being put in place.

We keep hearing that jobs are coming back. But the cold, hard facts contradict this claim. The President trumpets the fact that 364,000 jobs have been created since August. He says it is great news. But the economy would have had to create over 1 million jobs just to keep pace with new entrants into the labor force.

The President says this trickle of new jobs, which includes just 21,000 in February—by the way, 20,000 of those are Government jobs—is proof that his tax cuts are working. They are not working. In May of 2003, the President's Council of Economic Advisers, the CEA, said the economy would create more than 2 million jobs in the first 7 months after the tax cut was enacted. We happen to be short, just missed a little. We are only 1.7 million jobs short. The tax cuts are not creating jobs. They are creating record budget deficits.

What is the solution? Some of my Republican colleagues wish to recreate reality. They now say we have been using the wrong employment statistics. They want to use the so-called household survey, not the payroll survey, which most economists, including Alan Greenspan, agree is the proper measure. He said:

Everything we've looked at suggests that it's the payroll data . . . which you have to follow.

As our friend and former colleague, Pat Moynihan, used to say: Everybody is entitled to their own opinions, but not entitled to their own facts.

We all would be better off if this administration and its allies in Congress would stop playing games to make the employment situation seem better than it really is. The bottom line is, 8 million Americans want to work but can't find a job.

Another example of the Republicans' utter inability to look at the facts squarely: Budget deficits. Putting President Bush and fiscal responsibility into the same sentence, frankly, is a challenge. President Bush has broken his father's dubious record by

racking up the biggest deficits in our country's history.

Initially he told us in 2001:

We can proceed with tax relief without fear of budget deficits.

What a statement that is. Then he said in 2002:

Our budget will run a deficit that will be small and short-term.

Now the President boldly says: Well, we will halve the budget deficit in the next 5 years.

There are not a lot of believers about to support that.

In 2003, he had the audacity to say:

We will not pass our problems on to future generations.

Boy, if that was coming from a company with listed stock, I wouldn't buy that stock, I will tell you. If we were depending on those kinds of statements to make our way, we would be sitting with Martha Stewart someplace, suffering the same consequence. Not a single forecaster sees a surplus anywhere in our future. In fact, as baby boomers begin to retire, the Bush budget deficit is set to skyrocket to 10 percent of gross domestic product and more over the next few decades. This deficit is huge by any standard, and it is growing by more than \$2 billion each and every day, which explains why our outstanding public debt has soared above \$7 trillion for the first time in our Nation's history.

Some are saying deficits are due to the war on terror. The only problem with that argument is we could eliminate the entire Defense Department and the entire Homeland Security Department and we still wouldn't get rid of the deficit. Other Republicans are saying the deficit is due to rising discretionary spending. That is wrong. Even if we eliminated every penny of domestic discretionary spending—that is virtually the entire Government—we still would not get rid of the budget deficit.

For the most part, the deficits have been caused by massive tax breaks skewed to the wealthiest Americans, pure and simple.

The most cynical tactic this administration has used is their repeated attempt to blame the economic mess they have created on the previous administration. Again and again and again, we hear them say: President Bush inherited the recession. They say this knowing full well the recession began in March of 2001. That is according to the nonpartisan National Bureau of Economic Research, the official arbiter of when recessions begin and end. As the saying goes: Facts are stubborn things.

The Republicans also argue that 9/11 caused the recession. Of course, claiming that the recession began under President Clinton and that 9/11 caused it are mutually contradictory and flat out wrong. These are some of the strategies of the present President, administration officials, and Republicans in

Congress to mislead the American people, to disguise the facts, to distort reality, to pretend they are not responsible for the worst economy in years.

The American people are smarter than to believe the administration's propaganda machine. They know they can't find jobs. They know deficits will hurt the economy. They know their Social Security is in jeopardy.

Here is some truth: America simply cannot afford these ruinous economic and fiscal policies any longer. We need a drastic change of course, and we need it soon. This budget resolution would be a good place to start.

I urge adoption of the amendment offered by my friend from North Dakota. I think we ought to have a 60-vote requirement for any more deficit-increasing tax cuts that are to be made.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I heard part of my colleague's speech, but I will just say that budget resolutions are not easy. When I see people holding up charts that have a picture of President Bush and another one of Herbert Hoover and saying job loss and so on, that is politics.

Enough with politics. Let's do our Nation's business. Let's pass a budget. Some people seem to think this is a political free-for-all. We are going to have an election in November. We have plenty of time to do politics. We have conventions in July, August, and September. That is time enough. This is March. To be having a picture of the President of the United States, and comparing him to Herbert Hoover, I find offensive. I find it so political, it is debasing to the Senate. I guess people have a right to do that, but enough is enough.

Let's stay with the business at hand instead of trying to score political points. I urge our colleagues to do that. I have never been a fan of charts, but my good friend, Senator CONRAD, manufactures them on a daily basis. I compliment him for it. But to have pictures and to use those kinds of things denigrates our President. In my opinion, I am not sure it elevates the caliber of debate that we should have before the Senate.

Mr. SESSIONS. Will the Senator yield for a question?

Mr. NICKLES. I am happy to yield to my colleague from Alabama.

Mr. SESSIONS. I know Senator NICKLES talked about the economy and who is responsible. We can all debate how much the President actually has influence over it. I don't know. But when President Roosevelt took office, there was a high unemployment rate. I think it was 20 percent, or maybe it even increased under his administration initially. He inherited an economy that was in trouble. Is it not a fact that when President Bush took office, contrary to the myth that is out there, that the third quarter of his last year in office was negative growth, and that

the first quarter that President Bush inherited, before he had any time to do anything, was negative growth, and that President Bush actually inherited an economy that was in trouble?

That is a big part of some of the difficulties we have had today.

Mr. NICKLES. To respond to my colleague's question, maybe it is an interesting analogy between President Bush and President Hoover. President Hoover was present when the market collapsed on that fateful day in October in 1929.

President Clinton was President when the market collapsed in March of 2000. NASDAQ took a dive. The stock market took a dive and continued to dive throughout 2000.

I do not want to play that game, but I am offended when I see pictures and hear those kinds of aspersions. I do not think it helps the debate.

I agree with my colleague, that market crash was foretelling that we had very significant problems coming, and it resulted in a lot of lost revenue to the Government that no one projected, whether it be the White House or anybody else.

I appreciate my colleague. I want to elevate the caliber of the debate and not be quite so political and quite so partisan so early.

Mr. LAUTENBERG. Will the Senator from Oklahoma yield for a question?

Mr. NICKLES. I will be happy to yield.

Mr. LAUTENBERG. Is the Senator aware of the fact that when President Roosevelt took over, we had a 22-percent unemployment problem in 1933? He succeeded in bringing unemployment down through Government programs, through all kinds of programs. But the fact is, he wanted to get people back to work.

I happen to remember my father was one of those people who had to resort shamefully to a Government program. He was embarrassed by it, but he had to feed his family. That was more important. The fact is, I believe, the Senator would agree, that while the portrayal may not be to the Senator's liking, this is the administration that has lost more jobs since the term of Herbert Hoover. Does the Senator dispute that point?

Mr. NICKLES. I respond to my colleague, I am offended by the political partisan nonsense that is coming up with that picture and the tone of the debate. Let's have a good debate. But to cast aspersions—I am offended.

I am telling my colleague that I do not think we have to go to that level of partisanship. It is March. Why don't we do our Nation's business and play politics in September, October, and November?

The PRESIDING OFFICER. Who yields time? The Senator from Montana.

Mr. BURNS. I thank the Chair.

Mr. President, this is my first time on the floor speaking on this particular subject. I wish to thank the ranking

member, Senator CONRAD, from North Dakota.

I agree with my chairman that we should be here solving problems instead of throwing salt on old wounds because we have a great challenge ahead of us. There comes a time when we talk about all kinds of interests, but the national interest is more important right now than at any time in our history.

We do have serious problems and challenges. I think every Senator in this body has the capability and the will to solve some of those problems so we can go home and we can couch the argument any way we want on the political stump. I think we better add something to the debate.

Last year was my first year on the Budget Committee. Of course, this is my second budget. I compliment the leadership of the committee on both sides of the aisle because in committee we talked about some very contentious issues, different ideas on how we approach the budget and how it affects everyday life in the United States of America, knowing there are circumstances that none of us had any control over and probably will have a limited amount of effect on our country unless the American people understand the circumstances in which we find ourselves.

One has to remember the budget is a result of three different entities coming together and producing a document that reflects some of their priorities, some of their do-nots and some of their do-dos, and that is working with the White House and this President and also working with the Senate and the House and both sides of the aisle. That is what this product will reflect.

There are provisions in this resolution that probably do not find favor with everybody, and there are some provisions in this resolution that we do favor. Nonetheless, it will be a product of working with each other on this floor and also with the House of Representatives and with this President that will produce this document, a budget resolution.

Nobody likes deficit spending. We went through that once before. Some of it was self-inflicted. This one was not self-inflicted, as far as our Government is concerned. It was a result of some circumstances that happened to this country at a very inopportune time. No one could have predicted 9/11. Nobody could have predicted what that would cost or what that circumstance taught us.

It taught us one thing: that our economy is very fragile. Catastrophic events tend to shatter all other beliefs about what we do here as far as our economy is concerned.

It also taught us that our freedoms are very fragile; that in times of stress and national emergency, some things are done by Government and by people to cope with the stress of the time.

Mr. President, 9/11 probably had more to do with putting us in this pickle

than anything around because of the normal reaction of Government and Americans to that event.

What we have to look at most is that this budget reflects much of the President's proposals, but because of caps that were put in place a year ago, we are looking at some tough choices.

This budget takes steps to reduce Federal deficit spending; in other words, slow it down, much slower than first thought when we started into the process or what you have read in the newspapers or heard on television. We just have to slow it down. It is kind of like the fellow who one day got up and said: My day started off bad, and then it just tapered off.

Sometimes in the budget process—and my good friend from North Dakota has been in this process much longer than I and knows much more about it, the technical parts of it anyway, but nonetheless there are some days you get nothing for your labor.

The resolution cuts the deficit from an estimated, some people say over \$500 billion. We had a figure of around \$477 billion going into the process. Now looking at the figure, it will be around \$477 billion this year, but we are going to get it down much lower than that by the year 2005.

The resolution prevents tax increases that would go into effect if Congress does not act. Those taxes and those tax cuts were very important to this country. How much deficit would we have had we not had them to spur this economy and see the growth not only in the New York Stock Exchange but NASDAQ.

We have seen growth in agriculture. Agricultural products are doing very well now in most sectors. As I go across my State of Montana, we can talk about marriage penalty relief, we can talk about child tax credits, but I will tell you what has helped my State more than anything else, especially my agricultural producers and my small businesspeople—and Montana is made up of small business; small business provides the vast majority of jobs in my State—was accelerated depreciation because there have been capital expenditures to revamp or redo the way they do business and how they do business. Accelerated depreciation was the shot we needed in the State of Montana.

By the way, those recommendations came out of the Small Business Committee of which Senator KIT BOND of Missouri is the chairman. You look for those opportunities when we start talking about small business or business in general.

The economy is growing at a steady pace, and I believe this budget will be reflective of that growth and show the importance to the American people to expand jobs.

If we take a look at the GDP and our national debt and our deficit spending, right now it is something we can handle, but we cannot allow it to continue. So we moved in that direction. I think

the resolution will provide important assistance not only to Government through strong fiscal responsibility but also the American people through improved jobs and job environment, and private growth and opportunity.

If we look at the household surveys on unemployment, we are going to find a lot of folks are working out of their homes. We see small businesses perking up everywhere, primarily because of the tax situation. This is a good time to move in and maybe retire from a job and start one's own business.

So we have asked the American people to sacrifice because we are facing an enemy we have never had to face before. We have never had to take on terrorism as have other countries that have been putting up with it for a long time. As a result, we have said to the American people that some sacrifice is needed, and I think the American people have responded to that because we know we have a different kind of enemy that wants to take away our freedoms, not only the economic freedoms we enjoy but also our political freedoms.

They do it by fear. That is the worst kind of enemy, that operates in the shadows and complete surprise. They have no regard for age or who one is, combatants or noncombatants. In other words, they are completely indiscriminate as far as their targets are concerned. That spreads fear among people, and fear rules us.

I made the remark the other day to some visitors in Washington, DC, that I can remember when I first came to Washington, it was a very beautiful place. Right now we are moving into a season where Washington really is very pretty, but we are ugly today because of jersey barriers, security and construction. We are not a very nice place because of what we have to go through in order for this Government and its representatives to operate. So the sacrifices that are made not only here but in the whole country are difficult. We have asked America to sacrifice in these times, and they have responded.

Our young men and women who are still in the field face an unusual type of enemy. They are facing it with great professionalism and great courage. I think we ought to demonstrate the same kind of courage on this floor, to do what we have to do in order to balance this budget, in order to present a budget we can live with so the economy continues to grow and we can grow out of this situation.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, I will make the point once again as to the

great concern I have about both the President's budget and the budget that has come out of the Budget Committee, and that is it adds dramatically to the national debt right before the baby boom generation starts to retire. I look at the President's budget, and in the 5 years that he has proposed, he will add \$3 trillion to the national debt. When I look at the budget proposal from the Budget Committee, it adds almost as much, \$2.86 trillion to the national debt over that same 5 years.

I hear the other side saying we are cutting the deficit in half. Well, maybe they are cutting the deficit in half but the increases in the debt are not being reduced hardly at all. If we look at this chart, in 2004 the debt subject to limit, that is the gross debt of the United States, is \$7.4 trillion.

Under this budget, they will add over \$600 billion to the debt. The next year, they will add nearly \$600 billion to the debt, \$569 billion. The next year, they will add \$552 billion to the debt. The next year, they will add \$563 billion to the debt. And out here, in 2008, between 2008 and 2009, they will add another \$563 billion to the debt.

How can it be that these two statements are both right? How can it be they say they are going to reduce the deficit, they are going to cut it in half, and on the other hand the increases in the debt are hardly being reduced at all? The biggest reason is the Social Security trust funds that are being taken. Over this 5-year period, hundreds and hundreds of billions of dollars of Social Security trust fund money is being borrowed and is being used to pay for tax cuts and other things. It is, in effect, hiding from us our true fiscal condition.

The hard reality is the increases to the debt are not being reduced by this budget proposal. In fact, the debt is being run up and, as I have said many times, that is at the worst possible time, right before the baby boomers retire. That is why I think the amendment I put before our colleagues is so important, because it adds discipline. It says: Look, we can't do new mandatory spending—and that is two-thirds of Federal spending—and we can't do new tax cuts that are not paid for, without a 60-vote supermajority, until we stop taking the Social Security fund and using it to pay for the operating expenses of the Federal Government.

This reminds me so much of what has happened in the corporate sector when these various companies—Enron most notably, WorldCom the same way—understated how far underwater they really were. They were basically hiding their debt from the shareholders, hiding the debt from investors, hiding the debt maybe even from themselves. I see some of that same pattern occurring here.

The Senator from North Dakota is here. How much time does the Senator require?

Mr. DORGAN. I would like 15 or 20 minutes.

Mr. CONRAD. I yield 20 minutes to the Senator from North Dakota, off the resolution.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, first let me compliment my colleague, Senator CONRAD, for the work he has done. Let me also pay tribute to my colleague from Oklahoma, Senator NICKLES. While we might disagree on a good many issues, Senator NICKLES has been someone who has contributed substantially to this Chamber through his service in the Senate. I note he is leaving the Senate at the end of this year and I want to pay my compliments to Senator NICKLES.

There is a tendency in this Chamber, I think, for us to treat the serious too lightly and the light too seriously. It is very hard to overestimate the importance of this fiscal policy that is completely off track, completely out of sync with reality. We have until recently had a fiscal policy that said: Here is what we will do. We will increase defense spending a great deal, we will increase spending on homeland security a substantial amount, we will cut taxes, cut taxes, cut taxes again, and then we will hope the economy grows enough to cover all of that.

The fact is the economy has not grown to cover all of that and we now have sunk into the largest Federal budget deficits in the history of our country. But some don't want to admit that we are there. They want to ignore it and continue to say this is not a problem, we will just grow out of this.

We have a responsibility now to address these issues. It is irresponsible for us to say, let's just do it all and let the kids worry about this, or let the grandkids worry about it.

We are technically capable of doing so many things. Today, on Tuesday, we have two little vehicles—made in this country—scrounging around the surface of Mars, controlled by some controllers in NASA, and we are picking up rocks and analyzing rocks on the surface of Mars. What a remarkable thing. By the way, I might say just from the pictures I have seen from Mars it looks like a place about 5 miles south of my hometown. But we spent a lot of money to get to Mars, I want them to do well with these experiments, and I think they are wonderful. I think it is quite remarkable, the technology we have to put vehicles on Mars.

Why is it we are technically capable of doing these breathtaking things and then we seem so unable to come to the floor of the Senate and at least admit that there is a giant problem in fiscal policy? We are far off track. Just 3 years ago, we had very large surpluses and Alan Greenspan couldn't even sleep at night because he was worried these surpluses would be too big. He didn't know what we could do with them. Three years later, of course, we now find the largest deficits in the history of this country stretching out as far as

the eye can see, stretching out every single year for the next decade.

The budget brought to the floor of the Senate by the majority party says the following: We will take the Federal debt to \$10.2 trillion by the year 2009. Let's see if we can ratchet this debt up to \$10.2 trillion. It says let's have a deficit this year of \$512 billion. Let's have a deficit next year of \$445 billion; the year after, let's have a Federal budget deficit of \$431 billion; the year following that, let's have a Federal budget deficit of \$441 billion; and the year following that, the fifth year, the last year for this budget resolution, let's have a budget deficit of \$439 billion. This is not a budget that tackles problems. This retreats from the problems and from the challenge.

There is a circumstance that has occurred in this country that should require all of us to be more serious about this: We ran into a recession. It began in the spring of 2001. Precisely, it began in March 2001. Following that recession we were the victims of a terrorist attack on 9/11. Then we had to fight a war against terrorism. Following that attack against our country the entire aviation industry was grounded. It had a profound impact on our economy. Then we were involved in Afghanistan and a war in Iraq. We have had some pretty tough times and some big challenges.

But the administration has said and the majority party has said we can do all of this. We can and should and will increase defense spending. We can, should and will increase spending on homeland security. And we will cut your taxes again and again and, if the Republicans get their way, again this year. And it will not matter because it will all add up.

This is like the old story in the movies, what are you going to believe, me or your own eyes? Your own eyes will tell you what is in this document. It says let's take this country to \$10.2 trillion in debt in 2009. The question is, when will the Congress, and especially when will the President, be serious about these policies?

It is interesting that the budget sent to us by the President this year predicted we would spend zero, no money at all, for Afghanistan and Iraq. We have been spending very close to \$5 billion a month in Afghanistan and Iraq. Last year I raised the same question. If we are spending money, why don't we budget for it? The answer is, we don't know how much to budget. We do know what we are spending, we are spending \$5 billion a month, \$60 billion a year. Do you know what these documents from the President and the majority say? It says zero, we are not spending anything. What do they mean? They will just hide it by coming up with a supplemental bill later on, I suppose after the election, and we will act as if it doesn't matter.

It does matter. It is saying to the kids, you go ahead and pay this bill because we don't have the courage to do

it. We don't want to pay for it. We don't intend to pay for it. We will ask you kids to pay for it when you are old enough to work and pay taxes and inherit this debt.

There are many issues to discuss with respect to the budget. My colleague has offered an amendment that I came to support, dealing with Social Security trust funds. This is certainly the biggest bait-and-switch operation in the history of mankind. The bait and switch that has been going on says the following: When you work, you pay a tax from your paycheck and we will tell you this, we will guarantee you we will put that money in a trust fund called the Social Security trust fund. Then, when you get to the point where you are retiring, we will have sufficient moneys in the trust fund to be able to meet those retirement needs.

The problem is the trust fund at this point is not accepting new money because all the new money being taken from paychecks in the form of Social Security taxes is being used as an offset for other spending.

We had people genuflecting on the floor of the Senate about lockboxes for the last 4 or 5 years. They would come to the floor and have an apoplectic seizure about some lockbox they wanted to create for Social Security. There is no lockbox. The box is open and all the money is gone because budgets like this say we are going to spend all that money. The only priority with this is to preserve the tax cuts that went to upper-income Americans.

I think it is wonderful if you are an upper-income American. Look, if you make \$100 million or \$10 million or \$1 million a year, God bless you, this is a great country and you have a right to do that and I congratulate you on your success. But I would say I expect as an American you would also want to contribute to this country, and part of that contribution is to pay for that which we need—a war on terrorism and money to fund the troops when we send them overseas to protect this country. All of these issues are important issues that we have to provide for. When we also protect these upper income tax cuts, we spend the Social Security trust fund. This makes no sense at all. That is a classic bait and switch.

This reminds me of an old story about elephants. When I was a young kid, I grew up in a very small town. But even though it was a small town of 400 or 500 people, we occasionally had a circus come to town. It was a relatively small circus but they at least had one elephant. I never quite understood as a kid why a very large elephant would stand in one place if they just put a cuff around the elephant's back foot and then a chain with one little steel stake driven into the ground. How on Earth would that keep an elephant from escaping?

Then I read about how they do that. They do it in Thailand where they capture these elephants in the wild and then find a big banyan tree. They put a

big steel cuff on the elephant's leg and they chain that big steel cuff to a huge banyan tree. For a week that elephant will struggle and grunt and growl and fight and try to pull away from that banyan tree. But it can't. It doesn't get away from that banyan tree. In a while, it learns it is there permanently as long as that chain is on its leg, as long as that cuff exists. Then they take the other end of the banyan tree and put a stake in the ground and the elephant will never move because the elephant is chained to his habit. The elephant knows it can't move. So it doesn't move.

A big chain to a habit is what I see in this Chamber by the majority party. They say it doesn't matter what the facts are, it doesn't matter what the deficits are, it doesn't matter that we are off the ditch with respect to fiscal policy. We are going to pretend and act as if things are just fine, that things are going along just fine.

Those who will pay the cost of this, in my judgment, will be people 5, 15, 25, and 40 years from now and who will bear the consequences of an irresponsible fiscal policy.

My colleague has offered an amendment that says: Look, let's prohibit the use of Social Security trust funds except for the purpose they were intended to be used. Radical? No. I don't think so. Obviously, there is some common sense to do that.

I don't expect that this amendment will pass the Senate when it is voted on because the majority party has to protect the fiscal policy despite the fact that all the evidence is this fiscal policy doesn't work. We have an economy that is not producing jobs. We have an economy that is not providing the opportunity we expect it to provide and that the administration said it would provide. Why? I have some theories about that.

We held a hearing last Friday on the question of why American jobs are shipped overseas in large quantities. Why do we see all of these announcements about companies that used to make American coats are now producing them overseas? Did you know that the Levis you are wearing are not American pants? If you are wearing Fruit of the Loom, you are not wearing American underwear. Did you know that if you are eating Fig Newtons, you are eating Mexican Fig Newtons? Yes. They are not produced in America—not even Fig Newton cookies.

The question is, Why are we exporting all of these jobs overseas? What kind of economy is it that says we have economic growth in this country but we are not producing new jobs? The new jobs are being created in Bangladesh, Sri Lanka, Indonesia, China, and Mexico.

This is a failed economic strategy, a set of failed economic policies, and all you have to do is go to the budget document.

Page 4 of this document, which comes from the majority party, says

the following. Let us increase the Federal debt to \$10.2 trillion by the year 2009. They say, let us every year between now and then have a Federal budget deficit over \$400 billion. That is over \$1.5 billion a day every single day for the next 4 to 5 years. This isn't a budget document; this is a failure.

It is a failure of responsibility to own up to what is happening in this country and to fix it not just on behalf of politicians but on behalf of the American people and their children who aspire to have a country that expands the most opportunity and new jobs and growth once again.

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

Mr. DORGAN. Yes.

Mr. DURBIN. I thank the Senator from North Dakota for taking the floor to bring this to our attention. I would like to ask him this question.

Was it not during the last 2 weeks that the Chairman of the Federal Reserve, Alan Greenspan, who has been Chairman under both Democratic and Republican Parties, testified before the House of Representatives, I believe the Budget Committee, suggesting we have now reached a point because of our deficit situation and the debt of America when we have to seriously consider structural changes in Social Security relative to the benefits paid out to senior citizens and their retirement age? Does the Chairman of the Federal Reserve, who had endorsed President Bush's tax cuts for the wealthiest people in America, now say we are in such a desperate situation that we have to turn to Social Security and to cut back in terms of potential benefits for future recipients?

Mr. DORGAN. Mr. President, the Senator from Illinois is absolutely correct. The Chairman of the Federal Reserve, Alan Greenspan, did testify and say that we have to look at cutting Social Security benefits.

I find it interesting that Mr. Greenspan, who was actually shaking the pom-poms in support of the tax cut and this administration's fiscal policy, is now saying part of the cost of the policy should be for us now to consider cutting Social Security for senior citizens.

Look, their fiscal policy has provided the largest rewards in history in the form of tax cuts for upper income Americans. We have one-half of the world's billionaires living in this country. Good for them. I wish I were one of them. I wish my colleague from Illinois was among them, and I wish my colleague from Wyoming was among them. But it seems to me those who have done so well in this country would want to help pay the bill.

Promoting tax cuts for the upper income folks, those at the very top of the ladder—for example, those who have \$1 million a year in income—and saying during these tough times you get \$80,000 a year in tax cuts makes no sense to me. Yet Chairman Greenspan supported that, and he now comes back

and says—he doesn't say it quite this way but the cause and effect are the same—we don't have the money now. We gave money in terms of tax cuts to the folks who make \$1 million a year. Now we should ask the folks at the other end of the ladder to take a cut in Social Security benefits. I don't understand that.

In my judgment, when we talk about fuzzy math, this isn't fuzzy; this is vacant math.

Mr. DURBIN. If the Senator would further yield for a question through the Chair, last week Paul Krugman, wrote an article for the New York Times entitled, "Maestro of Chutzpah" directed toward Mr. Alan Greenspan, which addressed this issue.

Mr. Greenspan came before Congress endorsing President Bush's tax cuts for the wealthiest people in America and now that we have rid the world of those tax cuts which have created record deficits that we have never seen in the history of the United States, Mr. Greenspan is now coming back to us saying the way to start resolving these budget problems is to cut Social Security benefits.

I ask the Senator from North Dakota if he would respond to whether Krugman accurately notes that during the 1980s it was the Greenspan commission that persuaded Congress to increase the payroll tax for Social Security which supports the program, a tax which is regressive, falls more heavily on middle- and lower-income families.

In fact, Mr. Krugman goes on to write that Greenspan's suggestion in the 1980s that raised the retirement age in America and raised the payroll taxes in America is generating record surpluses in the Social Security trust fund with the regressive payroll tax. Now that Social Security has generated the money it needs, it is Mr. Greenspan who says now we need to reach into the Social Security trust fund and make certain we pay off our debt, and also we need to cut benefits and raise the retirement age even further.

I ask my friend from North Dakota, the Senator who has come to the Senate to address this issue, is it disingenuous for Mr. Greenspan to, on the one hand, call for higher payroll taxes so the Social Security trust fund grows, and then when it grows to such a point, to allow tax cuts to be funded by Social Security trust fund that go to the wealthiest people in America? The working families are paying into the Social Security trust fund, but it is the wealthy families who are taking the money out from the Bush tax cuts.

I ask the Senator his response.

Mr. DORGAN. As always, the Senator from Illinois creates the calculation exactly the right way. It is true the Chairman of the Federal Reserve Board chaired the commission in the early 1980s that decided to collect more money in the Social Security trust fund than was necessary to meet current expenses. Why? Because when the war babies or the baby boomers retire,

we will have the largest crop of babies ever produced in this country who will hit the retirement rolls, and we need to save for that day. In fact, it was the Greenspan commission that recommended that. Congress embraced that.

Now Mr. Greenspan comes back to the Congress and says you are using all that money for tax cuts for upper income Americans and you are increasing defense, increasing homeland security, and telling people you do not have to pay for that. So now why don't we cut Social Security payments for the elderly.

There is an old song in that movie, "Where have you been, Joe DiMaggio?" We ought to ask the question, Where have you been, Alan Greenspan? It seems to me that as the construct of this fiscal policy has become clearer and clearer, I would have expected the Chairman of the Federal Reserve Board perhaps to send some warning signs.

I finished the book "The Price of Loyalty," written by Mr. Suskind. What he says, according to former Treasury Secretary O'Neill, is that the Chairman of the Federal Reserve Board is a critic of this fiscal policy in private while being supportive of this fiscal policy in public. A wrong approach.

Mr. DURBIN. Will the Senator yield?

The PRESIDING OFFICER. The time of the Senator from North Dakota has expired.

Mr. DORGAN. I yield myself an additional 10 minutes on the resolution.

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

Mr. DURBIN. If I might continue, in the same book, it notes Chairman Greenspan and Treasury Secretary O'Neill had several ideas. One of them was a trigger which said there will not be any tax cuts if the surplus disappears. The surplus is long gone. Later Lindsay and other economic advisers, including the President, resisted this idea of trigger.

Second, the book notes it was the plan of Chairman Greenspan to take \$1 trillion out of the surplus and frankly make certain Social Security would be stronger for that much longer period of time. Yet we now have this same Chairman of the Federal Reserve who is telling us that absent both of those happening, he now has the solution, and the solution is a later retirement age and cutting the benefits out of Social Security to pay for the Bush deficit created by the Bush tax cuts for wealthy people.

How can it be fair to senior citizens who paid into Social Security their entire lives, who receive rather modest returns for that, to be told they should receive even less so people in the highest income categories can end up receiving these Bush tax cuts?

If I am not mistaken, this warped logic is continued by the Republican budget which is presented in the Senate. I ask the Senator from North Dakota if he could respond to that.

Mr. DORGAN. Mr. President, the budget that is presented in the Senate

has on page 5 their estimate of what the debt should be in the year 2009. This is recommended policy. By 2009, we should have a debt of \$10.2 trillion, they recommend. Every year getting there we should have budget deficits, each and every year, of over \$400 billion a year.

Maybe it is something in the water. Maybe it is the food. One would expect there to be some conservative impulses here to decide that a fiscal policy ought to add up. This simply does not add up.

I mention one additional point. It was not very long ago when the Senate considered a proposal to spend a substantial amount of money, \$20 billion—do you know how hard it is to get \$20 billion for anything? It is a huge amount of money. The proposal was to spend \$20 billion to reconstruct the country of Iraq. We must have it, they said. We won't pay for it; just have to have it.

I said, Iraq has the third largest reserves of oil in the world. The Iraqis can pump their oil and pay for their own reconstruction.

They said, We will not hear any of that. We demand the \$20 billion. The majority party, the same folks who have written this budget said, we demand that money. We do not want to pay for it, just borrow it and spend it in the country of Iraq for reconstruction.

It is the kind of thing that if you did not know where the desks were placed in this Chamber you would not recognize who was saying this.

There is no common sense with respect to this kind of a budget document. This fiscal policy is radically off track and the quicker we stop, say wait, this has to somehow add up or this country will bear the consequences—this somehow has to make sense.

Let me conclude by making this point. We have a lot of people who think they know how the economy works and yet the Treasury Secretary said he is mystified. I used to teach economics and I am not sure I know how it works, but I know despite all the judgments about fiscal and monetary policies, this economy moves forward when the American people are confident about the future. If citizens are confident about the future, they do things that manifest that confidence and there is an expansion of the economy. They buy a house, buy a home, take a trip, do the things that expand the economy. If citizens are not confident, they do exactly the opposite and the economy contracts.

The biggest problem we have, in my judgment, is that it is very hard for the American people to take a look at this fiscal policy—deficits as far as the eye can see, the largest in American history, a \$10.2 trillion debt—and conclude, yes, that works all right for us. Instead, this looks to them like a bunch of politicians who have their heads in the sand.

I came to the floor to support the amendment my colleague from North Dakota offered dealing with Social Security trust funds. I am happy to do that. After having debates in the Senate for about 5 years on the subject of lockbox, there is not a lockbox in sight. If there was a box, there would be no lock in site. Every single penny of money collected for Social Security is being used to give tax cuts to upper income folks and defend spending in homeland security because this majority party says you can do it all, do not worry, charge it to the kids. That is irresponsible fiscal policy and one we need to change.

I yield the floor.

The PRESIDING OFFICER (Mr. SUNUNU). The Senator from Colorado.

Mr. ALLARD. Mr. President, I yield myself 20 minutes and ask it be charged against the budget debate itself and not the amendment on the Republican side.

The PRESIDING OFFICER. The Senator is recognized.

Mr. ALLARD. Mr. President, we have heard a lot of discussion about how important eliminating the deficit is. I could not agree more. We do need to eliminate the deficit. The reason we have a deficit today is because this Senate has refused to make tough choices about spending.

I make the point that when President Bush assumed office, he came into office when the economy was starting to move down. I don't think anybody can dispute that. When he took office, he was challenged as much as any President in recent history because not only was the economy turning down—and, I might add, with an unprecedented turndown of 2 to 3 years consecutively—but then on top of that we had the September 11 terrorist attack. We went to conflict in Afghanistan, as well as Iraq. It has been a tough time for this President.

Fortunately, this country has had strong leadership. Without that strong leadership, I would hate to imagine where we might be today.

We look at the combination of all these events as having an impact on revenues coming into the Federal Government. They had an impact on spending. I have been a supporter of a balanced budget amendment to the Constitution, as have many Members of the Senate, but there has always been a provision in times of conflict that there would be an exception to balance the budget. This is one of those exceptions in time caused by the attack on September 11 against the Twin Towers and the Pentagon. Then we lost a plane in the Midwest. Heroic, Americans on that plane tried to take over that particular plane. So I think it is understandable why the Senate and the House would decide we need to appropriate some dollars to take care of this time of conflict.

If we look back, the spending was probably the second most significant thing that contributed to our shortfall

as far as eliminating the deficit. The most significant factor was the recession.

An analysis has been made by the Joint Economic Committee that has indicated that at least 40 percent—and there are other estimates of at least 49 percent—of the deficit can be attributed to this unprecedented recession.

Then, second in line is the amount of spending we have had, somewhere around 35 percent, if my memory serves me correctly. I might be off a few percentage points. And then somewhere around 25, 26, 27 percent—in that area—was attributed to the tax cuts we put in place.

The problem has been basically the turnaround in the economy and the amount of spending. I think it is all too easy to go ahead and criticize the tax cuts and ignore the major reasons as to why we are having a shortfall in the deficit. I happen to think the tax package we passed when the President was first elected, and then we came back and passed an economic stimulus package, and then last year we passed another package of tax cuts, really did stimulate the economy.

We are going to have amendment after amendment on the floor saying we ought to increase spending and increase taxes. I think it is the wrong way to go. I think if we raise taxes, as our economy is showing signs of recovery, it sends the wrong message, and that later on this year we will find our economy still struggling and trying to work its way out of this economic downturn. But if we can sustain these tax cuts—in fact, even those that are expiring, if we go ahead and renew those, I think it will instill confidence in our economy and that we can expect it to continue to do well for the rest of the year.

I think the American workers need a break. Frankly, they send a lot of money to Washington. The producers of this country send a lot of money to Washington. From our colleagues on the other side, we hear all about how they want to go ahead and tax the wealthy, the upper 10 percent or the upper 1 percent, and then provide some program of sustained spending that is never going to quit. It is going to continue to grow.

If we look at our tax policy, we put taxes in on a temporary period of time—10 years most of them—and then they go away. In our spending programs, we put them in place, and they just seem to go on and on and on.

If we look at what happens to those tax figures as we go out in time in the budget, and we look at what happens to the spending figures as we go out in time from this year, the spending increases at a greater rate than the cost from the tax cuts. In other words, if we were to spend an equal amount of money for tax cuts and an equal amount of money for one of the spending programs, as it moves out over time, there is a discrepancy that develops, and spending increases at a great-

er rate than what happens with the tax cut.

I think it is something we need to do. I think it would be shameful if we abandoned the President's plan for economic growth, particularly when the economy is starting to recover.

There are those who would argue they do not think the jobs are coming or growing as fast as they would like to see. I agree, we would all like to see the jobs grow faster, but the fact is we are getting job recovery.

If we look at the household survey, for example, for a number of months now—close to 9 months—we have seen some phenomenal growth. Why is the household survey important? Because it measures small business. It measures individuals who are out producing on their own, or a few people are out producing on their own. There is no salary. They are all in together. They decide to start a company or provide a service.

I am a veterinarian. A lot of them are veterinarians. They are a single-person practice. They are going out there and taking care of the needs of the community, and they are working and creating revenue for their family. They pay property taxes. They are supporting their community. But they never get counted, except in the household survey, because they may very well be operating out of their home.

We have a plethora of small businesses that work that way. We have seen this growth. I think a good percentage of that growth has been so phenomenal that they are trying to come up with an explanation for it.

Here is my conclusion. I think when we had the downturn in the high-tech sector of our economy, many of those individuals left their former employers with some kind of bonus when they separated, so they had this pocket full of cash. They did not have a job, so they thought: Here is a great opportunity for me to go into business for myself.

A lot of these businesses are things that can sustain themselves if you have a good computer system and you can run it out of your home. Your costs are minimal. It is a great opportunity for an entrepreneur to take some idea he may have and start a business for himself, with a relatively inexpensive operation, and running it out of his home. That is the American dream.

This is the small business sector. This is where Americans have hope not only of owning their own home, but also of going into business for themselves. A lot of them have this desire.

I think when we saw the downturn and a separation of many employees from high-tech companies, they took the separation bonuses they were getting and took this opportunity to go into business for themselves. I think that is great. That is the strength of America.

Now let's look at the payroll survey. The payroll survey in the last couple months has been showing a growth.

That is the last parameter, historically, that you see happen when the economy is recovering. I think that is great.

We saw job growth this month. Maybe it was not as great as some would like to see it. The previous month was a phenomenal figure; in fact, it led to some pretty optimistic projections on job growth this month that did not occur. But I think over time we are going to continue to see this growth in jobs. I think that is very important to the recovery efforts, and our tax cuts have contributed to that. We recognize this in the budget which the Republican Budget Committee has proposed and brought to the floor. I think it is one that recognizes our economy is starting to recover.

This economic growth is going to help us eliminate some of our deficit problems. I am optimistic about that. I think we made some tough decisions in this budget when we made some spending decisions.

Last year, I told the chairman of the Budget Committee that we simply had to have a plan on how we were going to eliminate the deficit. Obviously, we had to limit the spending parameters. So the Budget Committee went ahead, last year, with a plan as to how to pay down the deficit. What I was watching for this year was to make sure we stayed on plan to eliminate that deficit within 10 years. And we are well within the plan.

I was pleased, at the first of this year, when the President endorsed the idea that we needed to have a plan to pay down the deficit. The plan he put forward was a 5-year plan. It said, as a percentage of gross domestic product—which is probably, from an economist point of view, a very realistic way of looking at the impact of our deficit on the economy—that in 5 years we want to eliminate it by one-half.

I looked at those figures and, lo and behold, the nominal rate was also reduced in half. Now, this is the actual dollar figure. The Budget Committee did better than that. They eliminated the plan. They did better than that. They reached about where the President was in about 3 years or so. And both the figures—as a percent of gross domestic product and nominally speaking, where we look at actual dollars—has got us well on the way to eliminating the deficit.

I am proud to support this budget because we are taking a realistic approach.

Spending is a problem. We are going to have to take a serious look at spending. I remember when we passed the budget in 2000, the last year of the Clinton administration, we were trying to adjourn the Congress. In the last few days of that session, we passed over \$500 billion in new spending. We had to compromise with then-President Clinton on a lot of his spending priorities. He was moving out of office. We were trying to get out of session so we could move on with the election. That \$500

billion in new spending over a 10-year period is now coming home to roost.

We are beginning to see phenomenal growth in spending in programs. It strikes me how many people believe we need to do more spending. If we look out at producers in the country, the taxpayers, they are having to take cuts. Many of them are losing their jobs. Yet the agencies can't afford to take a cut. Even the President's budget, as austere as it is, takes care of defense needs. We are in conflict. It takes care of homeland security to protect the country, and we should put our efforts into that. It is a very small increase in the rest of the budget, about .5 percent.

The fact is, there is still an increase in spending. While the rest of the country is suffering reductions in their household spending, the Government still claims it needs increases year after year, despite what happens to the economy.

There are going to have to be some serious decisions made about spending programs. Some of those decisions are going to be made this year. That is a step in the right direction. We need to look at what it is we can put in place as a policy for the Senate and the Congress to hold down spending. In 2002, a number of provisions we had adopted that would help us restrain spending in the Congress, help us restrain spending on the Senate side, expired. When they expired, we all of a sudden began to see spending increases. We needed to have budget parameters. Thankfully we began to put them in place in the last budget, and we are going to put them in place now with this budget.

I know the chairman committed during our Budget Committee deliberations he would work with the ranking member to see if they cannot put together legislation and send a bill to the President he could sign where we could put in place some of the President's recommendations on how we can restrain spending and some of the recommendations of Members in the Senate. They are giving a lot of serious thought to it. I know Senator CONRAD, as well as Senator NICKLES, is thinking about it. I commend them both for looking at some of these parameters.

We have in this particular budget some provisions to help restrain spending in the future. Hopefully we can keep those in the budget, and hopefully they will be applied in a way that will help hold down spending.

I want to talk a little bit now about who is paying the taxes. About 1 percent of the population, the top 1 percent, pays 34 percent of the individual income taxes. These are 2001 figures. Then if we look at the top 50 percent, they pay about 96 percent. That means the bottom 50 percent of individual income tax filers is paying the balance, is paying only 4 percent of the individual income tax. We keep hearing talk about how the producers of the country, the top 50 percent of the country, are getting off scot-free. They are the

ones who are really making a difference. They are the ones who are making our economy move. I made some comments in this regard yesterday.

I also looked at the amount of money. If you take all the income tax filers together, the whole group of them, and you take those paying \$100,000 or more in taxes, they pay 75 percent of our total income taxes. So they are paying their fair share.

Today a study was brought to my attention that had been done by the Urban-Brookings Tax Policy Center. Usually I don't pay too much attention because they don't actually end up focusing on tax cuts and the tax issue. But they have come up with some very interesting data, more current than what I was quoting as far as the tax foundation was concerned. The bottom 50 percent of taxpayers is paying minus 3 percent of income taxes. In other words, our earned tax credits are kicking in, and they are showing the bottom 50 percent of the taxpayers is paying a minus 3 percent of income. The earned income tax credit is a cash payment we give to those with lower income. Fourteen percent of the payroll taxes come from that 50 percent.

Yesterday somebody said: You didn't talk about the payroll taxes. This bottom 50 percent makes up about 14 percent of the payroll taxes. That is only 5 percent of all income and payroll taxes. So when we combine those together, we come up with 5 percent. That includes your filers, plus the withholding from their taxes.

What happens to the top 10 percent of the taxpayers? The top 10 percent pay 71 percent of our income. That is based on the Urban-Brookings Tax Policy Center. Thirty-two percent of those are payroll taxes. That is a total of 53 percent of all income and payroll taxes together. So 10 percent of all taxpayers, including income tax plus payroll taxes, are paying 53 percent. The bottom 50 percent is paying 5 percent when you combine them.

The producers of this country, the wealthy, if you want to put them in that category, are the ones who are really making a difference.

It is time we put aside class warfare and talk about meaningful change in the economy that will make a difference.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, as a member of the Budget Committee, I yield myself up to 20 minutes off the resolution.

The PRESIDING OFFICER. The Senator is recognized.

Mr. WYDEN. Mr. President, the distinguished Senator from Colorado was in the Budget Committee and saw our focus on health care issues. He said in particular he was hoping we would have an effort to bring forth ideas that would generate bipartisan support. That is exactly what I hope to do this

afternoon. I want to discuss the question of laying the foundation in this budget resolution for containing prescription drug costs.

If you think about what happened in the Budget Committee, there was no topic that generated as much interest and as much concern as the question of health care and particularly Medicare and prescription drugs.

In fact, at one point the distinguished chairman of the Finance Committee, Senator GRASSLEY, said: Well, are we going to relitigate the entire prescription drug bill on the budget? Obviously, the budget resolution does not allow for something like that.

I think Chairman GRASSLEY's comments were indicative of the frustration and concern across this country with respect to the inability to hold down the skyrocketing costs of prescription drugs.

I want to discuss an idea about which I and others on the Budget Committee have been talking. It is also in the legislation I have been able to work on with Senator SNOWE.

What particularly pleased me in the Budget Committee is Senator GREGG, the chairman of the HELP Committee, said he thought this idea had considerable merit. I am hopeful by the time this comes out on the floor, we can do what Senator ALLARD has been talking about, and that is to have ideas that are bipartisan that deal with these important issues, particularly concerns such as health care where we have this demographic tsunami ahead, that really do address what the American people, and especially seniors, are talking about.

What will be offered before too long is an effort to lay the groundwork in the budget resolution for making sure the Secretary of Health and Human Services has the authority to negotiate for our seniors and hold down the costs of prescription drugs.

For the first time, the Congressional Budget Office in a letter to me on March 3 said:

Giving the Secretary an additional tool—the authority to negotiate prices with manufacturers of such drugs—can put greater pressure on manufacturers and could produce some additional savings.

What I say to the Senate and colleagues is for the first time now, we have the Congressional Budget Office on record stating that giving the Secretary of Health and Human Services the authority to negotiate prices could produce additional savings for some pharmaceuticals that are purchased by our seniors.

I would hope every Member of the Senate would be sympathetic of this desire to contain costs in prescription drugs at this time. There are a couple of reasons for this. The first, in my view, is the fact we have just seen in recent weeks the prescription drug legislation that passed is going to cost \$134 billion more than was estimated.

In light of this dramatic increase, which has come up in a matter of

weeks, in light of the fact we have this demographic revolution ahead, it seems to me it is critical the Senate act responsibly and search for every way possible to assure access to affordable medicines for seniors and to protect the interests of the taxpayers.

I voted for the Medicare legislation. I still have the welts on my back to prove it. I also believe strongly in making sure the private sector has every opportunity to help in lowering costs and delivering needed pharmaceuticals to seniors.

I have always felt there is considerable merit in the approach used by the Federal Employees Health Benefits Program that uses the private sector to make sure you get a fair shake for Federal employees. But I also think it is important there be backup kinds of tools, that there be additional tools to the private sector approach, and that is why it is so important the Senate, before it completes its business, uses the opportunity to lay the groundwork in this budget resolution to make sure the Secretary of Health and Human Services is in a position to try to wring out the best possible bargain for seniors and for taxpayers on these medicine costs.

Given the fact the Congressional Budget Office has now told us additional savings are possible when we provide the Secretary of Health and Human Services with the authority to negotiate, it seems to me to be derelict to not have the Senate on a bipartisan basis lay the groundwork for giving the Secretary that authority to negotiate.

I was very much encouraged when the distinguished chairman of the HELP Committee, Senator GREGG, said there was considerable merit to this idea.

I see the Senator from Colorado on the floor. He has talked repeatedly about his desire to have bipartisan efforts in the health care area.

In the past, every time in the budget resolution when Senator SNOWE was on the committee, Senator SMITH, and others, we have been able to do it. This year it was not possible, and that is tragic, particularly in light of the increase in the cost of pharmaceuticals and the increase in the prescription drug costs over a matter of a few weeks.

I am very hopeful now we will have a chance to move ahead on this issue. The approach that will be offered is one I think is consistent with the votes of those who supported the legislation and many who were against it. Many who were against the legislation said they had reservations because it did not do enough to contain costs. Now we have the opportunity, because of what the Congressional Budget Office has told us, to actually rein in the costs of this program. We have seen we can do it in some areas that are very significant. Take single-source medicine. The American Academy of Actuaries has found in many instances these drugs comprise a significant portion of the

entire expenditure of the program. I think we can do this in a fashion that ensures access for those who need this medicine.

I have worked so closely with those programs—the National Alliance for Mentally Ill and others—that are concerned about those drugs. We can get these cost savings, ensure access for those individuals, and save taxpayers money. It seems to me if the Congress simply lets pass this opportunity to rein in the costs—and we see the costs of the program have skyrocketed more than \$100 billion in a matter of months—one has to ask oneself, What is ahead? How much more of this program, a program so desperately needed by the elderly, is going to be eaten up as a result of the Senate not taking the steps to rein in the costs?

The Congressional Budget Office has told us now what is possible, so it really becomes a question of political will. I am very hopeful as the Senate goes about its work over the next few days, we understand here is a chance to build on the legislation that passed. It is not putting in place price controls and some kind of arbitrary “set the prices from Washington, DC” kind of regime. I believe private marketplace forces can work. I have seen that in my hometown where we have many older people in managed care programs. But I also want us to make sure the Secretary of Health and Human Services has every appropriate additional tool to try to wring out price savings for both seniors and taxpayers. With the nonpartisan Congressional Budget Office now telling us for the first time, reversing the position they outlined back in January of this year, I think we ought to make sure we pass legislation that lays the groundwork for the Secretary of Health and Human Services to have the tool, the authority to negotiate prices, that can produce the additional savings for some pharmaceuticals the Congressional Budget Office has outlined.

I want to emphasize to my colleagues this is not price controls. This would not set aside the private sector and the authority of the private sector to negotiate. I happen to think that is constructive. I think we will get some savings. Certainly, the fact some seniors will get their health care medicines and pharmaceuticals through managed care plans and have the kind of buying power that produces will be very useful, and I support that. But I also think on top of that private sector leverage, we ought to give the Secretary the authority to negotiate.

It is, in effect, a fallback tool that can ensure you wring out savings for taxpayers and for older people. I offer in the spirit the Senator from Colorado talked about in the committee—he wanted to see people come forward with ideas, and I say to the Senator from Colorado, I have come forth with an idea.

I have come forth with an idea that the distinguished chairman of the HELP Committee, Senator GREGG, says

has considerable merit. When there is that kind of opportunity and one faces these escalating costs we have seen just in a matter of weeks, \$134 billion more than was originally envisioned, the Congress ought to act.

A number of colleagues have worked very hard on this issue over the years—Senator KENNEDY, Senator FEINGOLD, Senator STABENOW on this side. I have been so pleased to be able to work with Senator SNOWE and Senator SMITH on many of these issues over the years.

I ask my colleagues to reflect on what the Congressional Budget Office has said on this topic. When there are these kinds of increases in prescription drug costs both for older people who walk into a pharmacy and for the entire Medicare Program, \$134 billion increase in a matter of months, let's heed the objective analysis of the Congressional Budget Office and make sure we wring out every possible savings for the taxpayers and seniors of this country.

There was a reason why in the Budget Committee no subject was discussed at such length as health care costs. The reason is medical costs are gobbling up everything in sight. There are no costs going up like medical bills. We see that for every possible group.

I am one who believes the private sector can help contain costs. That is why I have been a supporter of the Federal Employee Health Benefit Plan. I also believe when the Congressional Budget Office tells us there are ways to make additional savings by giving Health and Human Services the authority to negotiate a good deal for senior citizens under the Medicare Program, it would be derelict for the Senate not to make sure that opportunity was not picked up on.

We will have a good debate on this issue. I am very hopeful that the words we heard from the distinguished chairman of the HELP Committee, the idea of giving the Secretary the authority to negotiate prices for seniors has considerable merit and that we can have bipartisan support for the efforts in this budget resolution to lay the groundwork for an approach on prescription drug cost containment.

This is about cost containment. It is not about throwing the whole law in the trash can. It is not about starting over. It is about containing costs. It is about the principal concern older people and taxpayers have all across this country. The Congressional Budget Office has told us we have a chance to contain costs. We ought to lay the groundwork to do that.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, I yield myself 15 minutes. I ask to have that charged against the time allocated to the budget resolution.

The PRESIDING OFFICER. The Senator is recognized.

Mr. ALLARD. Mr. President, I emphasize that we are moving forward.

We just finished a recession. The attack on America and the war on terror have created some unacceptable budget deficits and we are trying to deal with these in the budget.

Since 2001, spending increases and the economy, not tax cuts, have been the biggest contributors to the deficits. The President's economic policies are working. The gross domestic product growth is up, unemployment is down, and the combined value of the New York Stock Exchange and the NASDAQ have increased 40 percent. We are moving forward. We can reduce deficits by slowing spending and preventing economically damaging tax increases.

I will go over just a few things that our budget will do. In 3 years, by 2007, it is going to cut the deficit in half and continue bringing deficits down. It is going to slow the growth of discretionary spending. We are eliminating wasteful mandatory spending. We are attempting to prevent tax increases on families. We are trying to maintain some spending discipline. We are trying to show that as Republicans, we can lead, and that Senator NICKLES from Oklahoma is willing to take and make the tough decisions necessary to eliminate our deficits under this budget.

Our Nation's priorities, as reflected in the budget, are that we fully fund the President's request on homeland security; education, there is a \$1 billion increase for both IDEA and title I grants; veterans health care, there is a \$1.4 billion increase for veterans health care; international affairs, \$3.6 billion increase under the President's proposal, including funding for the global AIDS initiative. The budget also rejects several of the President's proposed cuts for congressional priorities like the Corps of Engineers and the EPA Clean Water Act.

I think this is a very responsible budget. I think it is a very thoughtful budget, and obviously it is a budget that reflects what the American people are trying to tell the Congress. The noise I hear back home and the noise I hear from the American people is, look, these deficits are a problem, but the tax cuts are not what is contributing to the deficit. The tax cuts are actually stimulating our economy.

Even the people who are in our States are beginning to realize that the economy is recovering. They would like to see it recover more, and I do not blame them. I do, too. The fact is the tax cuts are making a difference.

I would like to go back to the discussion I was holding earlier this afternoon on who pays the taxes. I will speak about this chart I have before me. This chart reflects a study made by the Urban-Brookings Tax Policy Center. Under this area of "with tax cuts," the issue is, what is going to happen as far as the income tax rates are concerned?

Well, the bottom 50 percent of the tax cuts is a minus 3 percent. What

does that mean? That means that there is actually a cash payout to taxpayers. How does that happen? We have an income tax credit where we actually make a cash payment to individuals who are low income who are working.

The top 10 percent of the taxpayers are 71 percent. The payroll taxes—and yesterday when we were talking about what was happening with tax cuts, I was talking about the income taxes and then they brought up, well, what about the payroll taxes? That is how much one's check comes up short. There is the gross amount and then they take out all the payroll taxes and the bottom line is what a person takes home.

This means the bottom 50 percent of taxpayers pay about 14 percent of the payroll taxes and the top 10 percent of the taxpayers 32 percent. That figure was a little bit of a surprise to me. I thought perhaps that would be closer, but again it is pretty obvious that the higher income taxpayers are paying a considerable amount more than those in the bottom 50 percent. That is the top 10 percent. Then if we combine both of those, if we combine the income taxes that are paid and then combine the payroll taxes, it averages out that the bottom 50 percent of the taxpayers pay about 5 percent of the taxes. The top 10 percent pay 53 percent of the taxes.

What happens without the tax cuts? An interesting phenomenon has happened. Every time we have cut taxes in the Senate, the percentage the high-income taxpayers pay keeps going on. When we cut taxes, they pay a greater percentage of the revenues derived from income tax. This is reflected in the column "without the tax cut."

Here is what we see happening. We see that the bottom 50 percent pay about a minus 1 percent. In other words, they are not getting as much money sent back as we saw with the tax cuts. We see less taxes being paid by the top 10 percent. So here we are with the tax cuts, and their share of the taxes goes from 67 percent up to 71 percent.

We even see that phenomenon happening when we combine both income and payroll taxes. This is significant. When we make our adjustments in our tax cuts, those who are in the higher income pay a higher percentage of taxes as we move forward with our tax cuts. I think that is important.

The upper income pays a greater share of the tax burden with tax cuts than without. This is broken out a little differently, but if we look at the top 1 percent, the red here reflects with the tax cuts and, over here, what happens without tax cuts. We see the top 1 percent ends up paying a greater percentage of the tax cuts. We go here to the 10 percent, we see there is still an increase. Without a tax cut it is a lower percentage than with the tax cut. We are getting a shift automatically to the higher income taxpayer.

On the 50 percent it is close to even, although there is a little, very narrow

difference there. Then the bottom half actually is paying fewer taxes as a percentage with the tax cuts as opposed to without.

What happens with this budget when we are talking about the child tax credit, the marriage penalty, and changing the tax bracket? We need to do this if we want to preserve income for the family. Here is how this breaks out as we have it in the bill. If we let all these taxes expire, here is what happens. If we don't take any action on taxes this year, here is what happens. Assume the family tax bill in 2004 for a middle-class family of 4 is \$6,000. Then here is what would happen with that family of four. They are going to pay \$600 more, because we begin to see a drop in the per-child tax credit. It expires. Then we begin to see the marriage penalty relief expire. We see a drop there—\$911. We see the 10-percent bracket expansion expires. That adds \$100. So the total tax increase that will hit that family of 4 is \$1,611. That means the family tax bill from 2004 to 2005 is going to increase \$7,611. That means there is going to be \$1,611 less expendable income from that family.

My view is if we can keep that money in the family they are going to create jobs because they are out buying products, they are buying and stimulating the economy, as opposed to the Federal Government, where that does not happen. That phenomenon is not there. That is a 26-percent tax increase that happens if we do not go ahead and implement these tax relief provisions that are in the budget bill. These are very important. They are important to families in America and they are important if we are going to continue to see our economy grow, because it gives the family greater discretionary income so they can meet their needs.

If we can keep the money in the taxpayers' pockets in their own local communities, then that money is available to help those communities. Taxpayers look at the whole tax burden. If it is too high at the Federal level, they don't particularly feel they want to give up their hard-earned taxes for things that are happening in their community. But if they can get tax relief at the Federal level, then they realize some relief from the Federal tax burden and they are more willing to support what needs to be done in their community. Maybe they need to increase the sales tax for open spaces or have a sewer plant replaced or maybe a water treatment plant for the drinking water needs to be improved upon, or maybe the roads and highways need to be taken care of. These are local projects. It means there is more money available at the local level so the local communities can do that.

To me, this makes a lot of sense. We need to move the power from Washington back to our cities and States. That is what this is all about. It is not about whether we are going to tax the wealthy. The wealthy are carrying their fair share. It is about getting the

money back down to the States, back down to the individuals, where it will make a difference in people's lives.

This is a well-thought-out budget. I think it moves this country forward. It is a budget that I think will make a difference in American lives. It is something I hope we can pass out of the Senate, get to the conference committee, and we can get it back with minimal change. Obviously there will be a few things that will happen. We will have a number of amendments here on the floor, but this is basically a pretty good plan. We need to get a budget this year. That is the first step. Then once you get the budget passed you can get your appropriations bills.

Without a budget, it is catastrophic. We saw that happen 3 years ago. We didn't get a budget passed from this Senate. We saw spending get out of control. We saw all sorts of budget discipline lost in the budget process and this all contributed to the deficits we are facing today.

I urge my colleagues in the Senate to work with the chairman of the Budget Committee because he has indicated a willingness to work with the Members of the Senate to take care of their concerns. Let's get a budget passed and move forward, a budget that will hold the Senate accountable so we will be well on our way to eliminating the deficits we now face.

I yield the remainder of my time.

THE PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 20 minutes on the underlying resolution.

THE PRESIDING OFFICER. The Senator is recognized.

Mr. KENNEDY. I thank the Chair.

Mr. President, we are considering now for the next 3 days the recommended figure that has come from the Budget Committee to allocate the resources of this country in the Federal budget. We know we will have the debate on this. This is a question of choices. It is a question of priorities, even with the scarce resources we have at the present time, how these resources ought to be allocated in the national interest.

The overall issue on the budget is to recognize there are two instruments that guide our economy. One is monetary policy, which is interest rates, and there is fiscal policy, which is about what we spend. Both of those together ultimately decide whether we have a strong economy or a weak economy, those two elements. We are considering the second element here today, what we call the fiscal policy, the resources we have to invest or give in tax breaks or invest in education or health care. That is what this debate is about.

What we do know is this has a major impact. What we do with this budget has a major impact on the state of our economy. When you have Presidential leadership that understands both the fiscal and monetary policy, you can get

economic growth, you can get price stability. We have seen it in the past. We only have to be reminded about the recent leadership we had with President Clinton in 1992, 1993, when we had a budget that was the benchmark and the benchmark for the expanded economic growth we had. There were 22 million jobs created over that 8-year period. That is a result of fiscal policy, the budget as well as the monetary policy. They were harmonized in a way that brought economic growth to our country, price stability and economic growth.

Earlier than that, in the early 1960s, we had a similar effort to use economic growth, fiscal policy, and monetary policies. The early 1960s had the longest period of economic growth and price stability we had had up to that time, for this century. So we know this is an extraordinarily important document, in terms of deciding what the state of our economy is, whether there are going to be good jobs, or whether there are going to be investments in education, whether there are going to be investments in training, whether we are going to deal with the challenges of health care.

Anyone who is interested in the issue of jobs has to look over this budget and ask, where is the policy? Where's the beef? Where are the provisions in this budget that are going to reflect itself in expanded job opportunities? You come to the conclusion that they are not there.

For those men and women across this country—the millions who have lost their jobs and the millions more who have gotten new jobs that are not paying what the old jobs were paying—can say as a result of their budget, if it goes through the way it is, help is not on the way. This is not a budget that is going to bring this economy back to a growing and expanding economy. What it is basically doing is just what we have done in the last 3 years. We should have learned our lesson. We have massive tax breaks for the wealthiest individuals in this society, and then we find out that it still hasn't worked in terms of producing jobs. Now we find the administration is going to do the same thing with regard to this budget, and hopefully out there somewhere there will be creation of jobs. They just aren't going to be there.

We should have learned the lesson of that. All we have to do is look at what the administration has said and what has happened over the period of the last 3 years going back to 2001 when we had the administration's proposal on these very extensive tax reductions and breaks for the wealthiest individuals that it was estimated were going to create millions of jobs. That is the purple line right here. What happened is the red line declined with a total loss of 3 million jobs. A million have been recovered. We are still 2 million jobs short of where we were when this President became President.

Do we understand that? After the economic policies of this administration, we are 2 million short.

It is amazing because we keep hearing this Bush administration talking about how we are going to have very extensive job growth, and it never happens. It just doesn't happen. It hasn't happened. Why should we believe it is going to happen with this budget? It isn't going to happen.

Here we see the first estimate. Then last year they said it is going to really happen up here. We will have an increase of another 2 or 3 million jobs. From the point where the Bush administration's estimate of where we are now, we are 5 million jobs off.

We had the most recent report last week, and we had the question about the creation of jobs: Not a single new private job in the country. The 21,000 new jobs are basically in the public sector.

It is amazing to me—it must be to millions of Americans—because they hear from our President an entirely different story. They heard in the State of the Union from the President of the United States:

The pace of economic growth in the third quarter of 2000 was the fastest in nearly 20 years. Productivity and jobs are on the rise.

On "Meet the Press," February 8, the President said in response to Mr. Russert:

Well, it's happening. There is good momentum when it comes to the creation of new jobs.

There it is on February 8.

On February 23 at the National Governors Association Conference.

Obviously the economy and jobs are on my mind. I know they are on yours as well. I am pleased that the economy is growing.

There it is again. The President is saying that everything is hunky-dory.

Just last week in California on March 4:

A lot of people are feeling confident and optimistic about our future so they can say I am going to hire two more.

They can sit here and tell the President in front of cameras, I will hire 2 more people.

There was a good deal of laughter. He said:

That's confidence.

He said in Texas on March 6:

The economy is getting stronger. We have pro-growth and pro-entrepreneurial that is making the economy stronger and stronger.

With all of these statements, the problem is the President just doesn't get it. He doesn't understand what is happening out there across the Main Streets of this country.

It is interesting that we find just today Treasury Secretary Snow spoke in Washington at the National Association of State Treasurers and noted that with the underlying condition of the economy looking unusually sound, the lack of job growth is a mystery.

Now at least you have the Secretary of the Treasury understanding that.

But to say with this budget that everything is just going well in terms of

our economy fails to understand what is happening in the Main Streets across this country. We have an opportunity to do something about it. The question is whether we will.

Certainly the budget that has been recommended by our Republican friends doesn't bode terribly well for working families or for the middle class. This legislation extends the tax breaks for wealthy investors while refusing to extend the unemployment benefits, leaving 90,000 more workers each week without benefits. The 90,000 workers who paid into the compensation fund each week are losing those benefits. What do they use that unemployment for? They use that to pay the mortgage, pay the rent, and put the food on the table. That unemployment compensation fund is in surplus.

The proposal of the Senator from Washington was about \$5.5 billion. But, no, that wasn't included in this budget. That would be a hand reaching out to workers in this country who have paid into that fund.

The judgment and the choice and the priority of the Republic budgeteers is to say, Look, we are going to provide the continuation of the tax breaks for the wealthy and leave the 90,000 workers behind.

Then they permanently reduce the tax breaks for the top brackets paid by the wealthiest taxpayers but provide no relief for the workers that cannot afford the spiraling cost of health benefits and cuts in health care for low-income families. That will be a \$11 billion cut which is directed to working families and low-income families, but we don't address that. Repeal the inheritance tax on multi-millionaire estates while raising taxes on low-income workers by cutting the earned income tax credit.

I heard my friend from Colorado say when he was describing who is paying it on the taxes, Look, some people actually get a rebate. That is true. Those are families that are on the lower rung of the economic ladder. They have the earned income tax credit. It has been enormously successful in making work pay. They have to be working, and they receive those funds. That is being cut back. Imagine that. Some tax help and assistance for low-income working families we are cutting back and at the same time eliminating the taxes for the very wealthiest individuals in this country.

The issue goes on and on.

I want to point out a couple of factors with regard to the issues on education and the issues on health care and what we are finding in regard to this particular budget.

We have passed what we called the No Child Left Behind Act, which was a bipartisan effort. We said that over a 12-year period we would try to bring proficiency to every child in America. It is not easy. It is difficult and complex. We had a variety of different ways to try to do it. Basically it was to get a well-trained teacher in smaller class

sizes to try to provide help and assistance to those children who needed help, who are going to be periodically tested, and those who need help are going to get the supplementary services. Involved in supplementary services will be well-trained people who can help those children that have spelling needs. It was going to involve parents. It was going to provide additional help to those schools so they could get up to standard. It was a real contract with parents, children, and the Congress of the United States.

The tragic fact is the children are meeting their responsibilities; the parents are meeting their responsibilities; the teachers are trying to meet their responsibilities; and we are failing in ours.

That is why. Here it is. You can just look at this chart under the Bush budget that we have before us about the number of children who are going to be left behind going from fiscal year 2005 all the way to 2013, still leaving 4 million children out, still leaving 4 million children behind. That is absolutely unacceptable.

We will have the possibility under the Murray amendment to do something about that. It is a responsible amendment. It will pay effectively for itself. It is not going to run up the deficit. It will ensure that all children are included and at end, that "no child is left behind."

We have to make a judgment. This is an issue of priorities. Do we want to invest in our children or do we want to leave those children further and further behind?

I want to point out briefly while I am talking about the No Child Left Behind Act that the Bush administration has been withholding data for 6 weeks now. But the Congressional Research Service tells us that over 7,500 school districts are about to get a cut in No Child Left Behind Act aid. Many of these are the poorest of the poor school districts. East St. Louis, IL, 41-percent poverty, will get a \$315,000 cut in July. Canton, MS, 34-percent poverty, will get a cut of \$148,000 this July. Camden, NJ, 38-percent poverty, will get a cut of \$550,000 this July. East Cleveland, OH, 35-percent poverty, will get a cut of \$90,000 in July. Holyoke, MA, 36-percent poverty, will get a cut of \$350,000 this July.

Money does not answer all the problems in education, but it is a pretty clear reflection of the kind of priority we in this body are giving to education. We are allowing cutbacks in children's education, while expanding, making permanent, the tax cuts for the wealthiest individuals.

That is not the only issue. We just mentioned the challenges facing K-12. We have other issues on No Child Left Behind, including ensuring we have well-qualified teachers who will work in supplementary services, dealing more effectively with the issues of disability, dealing with limited English proficient students, trying to work

with States on a representative size in measuring annual and yearly progress. But you cannot do those issues if you do not have the resources necessary. This budget does not provide them.

Let's look at what has happened in the area of higher education and ask what this budget does in the areas of higher education. This chart reflects the increased costs of college tuition for the public for average tuition for 2- and 4-year public colleges: \$3,725 for 2001-2002; 2003 and 2004, \$4,700, a 26-percent increase.

On the one hand we have a budget that is not performing in terms of creating jobs in our society, as the most recent results of last week indicate, and not doing the job in terms of our commitment to the children in K-12. What does this 26-percent increase in costs say to those working families, middle-income families trying to put their kids through college?

What has been the reaction of this administration and our Republican friends? College budget: more student debt, less grant aid.

We have seen the increase of the student debt by \$4.7 billion in the last 3 years for students under the Bush education program, effectively cutting 171,000 LEAP student grants, which are the State grants, matched by the Federal Government. This budget zeros out any increase in individual student Pell grants in spite of what the President said when he ran for the Presidency. He said we ought to have a Pell grant of \$5,000 when he was running for the Presidency. There is not a nickel increase. And zero increase in college work-study programs and campus-based financial aid, which are programs that are basically essential for low- and moderate-income families who need to be able to supplement, besides their scholarships, besides their loans.

I will show what the budget does and what choice is before the Senate. As I mentioned, in this budget we have a question of priorities. These are the priorities. The Bush plan to cut No Child Left Behind saves little compared to the cost of tax cuts for the top 1 percent.

This is the cost of the Bush tax cut for those making over \$337,000 in 2005: \$45 billion. This is the additional cost to fully fund No Child Left Behind in 2005, \$9.4 billion. What is important? There we have it. We will have a chance to vote on it.

What are your priorities? Ensuring that we will be able to fund the programs for the education of the children or are we going to provide the \$45 billion?

Let me show the chart for this year. We will hear from the Budget Committee chairman saying we have addressed this higher education. They put in some funding which will be necessary to keep the floor under the Pell grants and then they take them out. The Senate GOP would need to add to its budget to fully fund the No Child Left Behind Act, the \$8.6 billion, yet

there is virtually no real commitment in there.

I will discuss two items in terms of health care that are not addressed. There is no attempt with this budget to try to deal with the issues of coverage on health care, and there is virtually no effort to try to get a handle on costs of health care. What we have seen over the period of the last 3½ years of the total numbers of individuals who are not covered with health care has been going up, up, up. This is the chart that shows how the numbers have been going up since this administration: 39.8 million, 41 million, and 43 million.

Look at what has happened in the course of a year. Let's take a look at what happens in terms of health care costs. We have the total number of people going up, up, up. This chart shows the premium increase versus the consumer price increase: 10 percent, 12 percent, 13 percent; 2001, 2002 and 2003; a 43-percent cumulative over this administration.

Maybe someone in the Budget Committee can show us where this budget is doing anything about the costs coming out of the pockets of working families in this country. We are not creating jobs, we are not investing in the education of the children, and the issues of health care costs and coverage are out of control. We would think that at least this budget would have addressed those issues and questions. Fortunately, there will be amendments over the next 2 days to address those. I hope our colleagues will support them.

I yield the floor.

Mr. MCCAIN. Mr. President, the amendment offered by my friend from North Dakota is playing politics with two very critical issues to our Nation's economic well-being: The skyrocketing deficit and the future of Social Security.

Clearly, there is a lot we need to do to tackle the enormous \$500 billion deficit. There is also a critical need to shore up Social Security.

Let me remind my colleagues that, recently, Federal Reserve Chairman Alan Greenspan called for new steps to restrain spending, warning that unless we take action, our lack of fiscal discipline could lead to increased long-term interest rates. He also recently expressed serious concerns about the need to address Social Security, given the impending retirement of 77 million Americans 7 years from now. Unfortunately, this amendment is not a solution.

We need to start making some tough choices around here and in a manner that puts the good of the Nation ahead of partisan politics. I support PAYGO budget enforcement mechanisms, but not when they are tied to a political agenda. I regret that I must vote against the amendment.

The PRESIDING OFFICER. The Senator from Maryland.

COMMENDING THE BRAVERY OF THE INITIAL RESPONDERS IN THE BALTIMORE HARBOR WATER TAXI ACCIDENT OF MARCH 6, 2004

Ms. MIKULSKI. I ask unanimous consent that the Senate proceed to the consideration of S. 312, submitted earlier today by myself and Senator SARBANES, expressing condolences to the people who died in the Baltimore water taxi and our appreciation for the brave rescue efforts.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 312) commending the bravery of the initial responders in the Baltimore Harbor water taxi accident of March 6, 2004.

There being no objection, the Senate proceeded to consider the resolution.

Ms. MIKULSKI. I ask unanimous consent also that the resolution and preamble be agreed to en bloc, the motion to reconsider be laid upon the table, and any statements relating thereto appear in the RECORD as if read without any intervening action or debate.

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

The resolution (S. Res. 312) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 312

Whereas on Saturday, March 6, 2004, a water taxi overturned in Baltimore Harbor during a sudden and vicious storm;

Whereas 25 passengers were thrown into the Harbor, into frigid 43 degree water, with little chance of survival;

Whereas tragically, 1 person died and 3 people are presumed to be dead;

Whereas if not for the immediate action of the initial responders, more lives would certainly have been lost;

Whereas the initial responders demonstrated extraordinary bravery in their heroic response in rescuing the passengers;

Whereas after noticing the accident, the initial responders rushed to the scene, piloting their vessel to the accident site and immediately diving into the frigid waters in their street clothes and boots to help those clinging for their lives;

Whereas the initial responders not only saved those clinging to the boat for survival but used their exceptional skills and ingenuity to elevate the capsized boat to rescue those passengers trapped beneath;

Whereas the team of initial responders worked together to pull the passengers out of the water, identify those who needed immediate medical attention, turn the Fort McHenry Drill Hall into a triage center to identify the victims who were most in need, and provide all with dry clothing and warm blankets;

Whereas it was a team effort to rescue and save those stranded in the freezing Chesapeake waters that involved rescuers in the water, on the pier, and at Fort McHenry;

Whereas we commend the courage and resolution of Maryland's outstanding initial responders whose quick reaction to this terrible accident saved lives; and

Whereas we praise these initial responders—the Navy Reservists, Coast Guard, Mari-

time Fire Department, Baltimore Fire Department, Bowleys Quarters Search and Rescue Team, and the emergency medical team—who worked together as a team to rescue people and save lives: Now, therefore, be it

Resolved, That the Senate—

(1) pays tribute to the victims of this terrible accident and expresses its condolences to their families;

(2) commends the initial responders in the Baltimore water taxi accident of March 6, 2004, for their bravery, quick thinking, courage, and ingenuity in rescuing the passengers of the water taxi that capsized after a sudden and vicious storm swept over the Baltimore Harbor; and

(3) commends the team of initial responders for this extraordinary demonstration of their ongoing commitment and dedication to saving lives.

Ms. MIKULSKI. Mr. President, I believe we have agreed to the parliamentary aspects of this effort.

I rise to pay tribute to those lost in the Baltimore Harbor water taxi accident, and to express great gratitude to the brave rescuers who saved many of the lives, and, of course, to express condolences to the families.

Let me tell the Senate about what happened, very briefly.

On Saturday, a beautiful, mild afternoon in Baltimore's Harbor became a nightmare. A sudden storm arose. A beloved water taxi capsized in the Baltimore Harbor. Twenty-five people were thrown into the water. They fought for their lives in freezing cold water.

They were families, tourists, Maryland residents, people from across the country, even members of a National Guard unit visiting us.

Two women tragically lost their lives, including a beloved pediatric nurse. One young girl is still fighting for here live.

Three people still remain missing; a couple about to be engaged and a 6-year-old boy on a trip with his father and mother and two other siblings.

I express my heartfelt condolences to those families who are suffering the loss of a loved one. The victims and their families are in our thoughts and our prayers.

But I also want to bring to the Senate's attention what happened with our very brave initial responders.

This accident happened off of Fort McHenry. Stationed there is a Naval Reserve unit. They happened to be on duty as part of their weekend training. At the same time, located there is the Baltimore City Fire Department Maritime Unit.

The minute this boat went over, as this storm hit, a Naval Reserve master chief petty officer saw the boat capsize and sounded the alarm to the Navy Reserve unit. Without hesitation, 20 men got on a boat that was a relic from World War II, that was used as a landing craft, and with great skill they began to proceed out to this capsized boat, exactly as the Baltimore City Maritime Fire Department saw it. And then without even putting wet suits on because there was not time—the water was 44 degrees—the firefighters jumped