ORDER OF PROCEDURE

Mr. REID. I appreciate my friend from Minnesota yielding for a unanimous consent request.

Under the time controlled by the Democrats, Senator STABENOW would have the first 10 minutes, Senator DURBIN the second 10 minutes, and Senator LAUTENBERG the third 10 minutes, or if one of them is not here they would each get 10 minutes of our time. I ask unanimous consent that that be the order for the Democrats.

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

The Senator from Minnesota.

MEDICARE'S NEW PRESCRIPTION DRUG PROGRAM

Mr. COLEMAN. Mr. President, I had the opportunity yesterday to be in Eden Prairie, MN, at a senior citizens center to talk to people gathered there about the opportunity they now have to obtain a discount card to lower the cost of prescription drugs. This is done less than 6 months after the law was changed. I want to applaud Secretary Thompson and the folks from CMS for moving so quickly.

What I find so troubling is I was on the Senate floor yesterday and I heard the distinguished Senator from Massachusetts and today the distinguished minority leader talking about how terrible this is and lambasting something that is just beginning. I ask that we put aside the partisan rhetoric and see if we can work together to give seniors an opportunity to get prescription drugs at lower costs. The card in question is one, by the way, if one is a senior at the lower end of the economic ladder and as an individual they have an income of under $13,000—I think it is about $12,500 for an individual and about $16,500 for a couple—that discount card has contained within it a $600 credit. That $600 credit will cover the cost of prescription drugs from now until the end of the year and then $600 starting again in January; so, in fact, it is $1,200 for 18 months. With this card, seniors have an opportunity to get a list of the pharmacies at which they shop, get a list of the drugs they need, and then be able to price compare.

I am not very computer literate, but many of us have complained about the complexity of the Medicare law. There is certainly a lot of debate about the complexity of the statute, but there is very little debate about the simplicity of the process that is involved in seniors figuring out what their options are under this card. If seniors call 1–800–MEDICARE, they can speak with someone, tell the folks at Medicare where they live, what their income is, what drugs they need. They will be given a list with a whole range of opportunities, and then they can pick the program that is at the lowest cost to them.

If a senior is computer literate themselves or they have a kid or even a grandkid who understands how to work computers, or in our case we had folks from AARP and from the Board of Aging—they were all there to work with these seniors—it makes it very simple.

For those who talked about mystifying phases of confusion, why do we not just give it a chance to work. Can we not put aside partisan rhetoric and lambasting for a little bit of time and simply come together to say seniors deserve lower cost prescription drugs?

I would like to see an opportunity for seniors to get safe drugs from anywhere, and if we can figure out a way to do a pilot project to get drugs from Canada, I would support that. We know that is not the panacea, that is not the cure all. We have passed a bill now that for the first time gives seniors the opportunity to get prescription drug coverage. Over 187,000 in Minnesota will get that coverage, and over 119,000 will have this $600 benefit.

I was taken aback by the comments of the Democratic leader when he talked about the Federal Government as a model in regard to military procurement and getting things at low cost. Goodness gracious, we have all heard the stories of $500 wrenches and toilets. There is a better way to do it.

We have an opportunity now for seniors to be able to price shop. We have urged our seniors and I urge seniors, do not get the card right away, do not make their choice right away. Window shop for a couple of weeks, 10 days, figure out what is the lowest cost, and do the price comparison.

We have an opportunity, and I hope we take it, to put aside the political hits and being negative about things even before the program is given a chance to work.

ECONOMIC RECOVERY

Mr. COLEMAN. I do want to talk briefly about the economy and perhaps from the same perspective. I begin my remarks on the progress of the American economy with an observation of H.L. Mencken in 1921. He said:

> The whole aim of practical politics is to keep the populace alarmed (and hence clamorous to be led safely) by menacing it with an endless series of hobgoblins, all of them imaginary.

Much of the economic commentary we are hearing from the other side of the aisle in the Senate and out on the campaign trail seems to fit this description very well.

Among the hobgoblins: that the President is encouraging companies to move overseas; that his tax cuts are intended to primarily help his rich friends; and that this is the worst economy in who knows how long.

There is just one problem with these and other claims: The facts. They are alarming for sure, but they are also imaginary.

The economy is strong and growing, posing annual growth rates of 8.2 percent, 4.1 percent, and 4.2 percent in the last three-quarters. Jobs are being created, 308,000 last month. The recalculation of job creation the first 2 months in this year is another 200,000. I believe the figure is 750,000 in the last 7 months. Housing sales are at an all-time high level, and so is home ownership. Inflation is low. Mortgage rates continue to be low. I wonder which of these economic indicators the Senator from Massachusetts wants to be less positive.

The truth is, we should not be comparing our economy to perfection and asking: Why not? We should be comparing our economy to reality and asking: Why?

We had the tech bubble burst, a bubble that should never have been allowed to inflate so high. We had corporate scandals. We had corporate greed. We had Enron and WorldCom. They were certainly nonpartisan, but they were encouraged by the get rich quick ethic of the 1990s. They were reprehensible and we have dealt with them.

We had the attacks on September 11. My colleagues across the aisle talk about losing jobs and what a terrible economy. Every single time we have to reflect, we remember September 11 and the devastating impact that had both on our hearts, on our souls, on our confidence, and on our economy. Now we have the daily war on terror.

If that picture had been drawn for us 5 years ago, how many would have predicted the economy would be in as good shape as it is? The reason is sound monetary policy and tax cuts that were extremely well timed and sized to stimulate the economy when it needed it the most.

Talk to small business folks. They understand the importance of bonus depreciation, increased expensing, cutting the top bracket, reinvesting in the business, and then growing jobs. That is what has happened.

As that stimulus is running its course, we in this body need to enact a jobs bill, a transportation bill, and the Energy bill. We need to enact tort reform to build upon our current progress. We have to stop the filibustering and get some work done.

Unfortunately, some in this body and on the campaign trail are obsessed with talking about and addressing the economic situation that existed 2 years ago and administering medicine to a disease we are already curing. The President deserves credit for economic policies that weathered America through to better times.

Some may have political reasons for keeping the people alarmed, but the mounting evidence of economic strength is convincing to the American people, and the American people understand that reality is preferable to all those hobgoblins.

I yield the floor.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from Utah.

Mr. BENNETT. Mr. President, I thank my colleague for his presentation on the economy. I intend to continue in the same vein.

I begin with a headline that appears in this morning's Washington Post on the front page of the business section. I believe it belongs on the front page, period. The headline reads:

Federal Deficit Likely to Narrow By $100 Billion. Tax Receipts Pare Borrowing.

It goes on to describe how the amount of tax receipts coming into the Government are so much higher than those anticipated, that the present expectation is that this year's deficit will be $100 billion less than the amount that we were told when the year began.

To me, that does not come as a surprise. Yes, I am a little surprised that the number is as high as it is. But the one thing I have said over and over again on this floor, and will continue to say because it seems nobody understands it, is that all of the numbers we have with respect to our projections around here are always wrong. I can't tell you whether they are wrong on the high side or the low side in advance, but the one thing I can always say with absolute certainty is that they are wrong.

Why? Because we are talking about an $11 trillion economy. In an $11 trillion economy, even the slightest percentage change in our estimate produces a big number, in terms of dollars. One hundred billion is not that much money when you talk about $11 trillion. It is 1 percent. And 1 percent, to use a term with which all politicians are familiar, is within the margin of error.

But the fundamental truth that comes out of this headline and the predictions that preceded it is this: Worry less about the numbers than you do about the principal position of the economy that underlies those numbers. If our policy is correct and the economy is thriving and growing, the numbers will take care of themselves. But if our policy is wrong and the economy is shrinking, then it doesn't matter what the projections say that the income of the Federal Government might be. We are going to be in trouble.

I want to put this all in historical perspective so, if you will, I will display a few charts. This first one, ''Historical Perspective on Economic Growth'' goes back to the 1970s. The green bars above the line represent quarters in which our economy grew. The red bars below the line represent quarters in which our economy shrank. As you can see, we had a very serious economic problem in the late 1970s and early 1980s, as the red bars went down below the line repeatedly and very deeply. This was the response to what some economists call the ''great inflation.'' We hear talk about the Great Depression, but we sometimes forget that in the 1970s we had the great inflation during the Carter years. And we had two quarters successive of red down below. Then it burst, and then an additional problem, as the economy went through the dreaded double dip; that is, we went into recession, recovered briefly, and then fell back into it again. Those were some of the worst economic times that I can remember. But to listen to the rhetoric around the Senate floor no one else remembers it because we are now being told our present economy is the worst in 50 years.

Look at the historic perspective. You see when we came out of that double dip, Ronald Reagan was President and Paul Volcker was Chairman of the Federal Reserve and we established fiscal policy and monetary policy that caused the economy to start to grow in dramatic fashion. We had a period of nearly a decade where we had nothing but green above the line. But as always happens—we cannot repeal the business cycle—mistakes are made, decisions are taken on the assumption that the future will be different than it really is, and the economy slipped once more into recession in the middle of the Presidency of the first President Bush, and we had two successive quarters of red ink.

By comparison to what happened in the early 1980s, this was a happy time. But, of course, for those who lost their jobs and those who saw the economy shrink, it was not a happy time. It is never a happy time when we are in recession.

We came out of that recession and President Bush saw the balance of his Presidency a time of solid growth. It slipped for one quarter and then resumed again, and we had another period of green above the line. We didn't really get into a robust recovery until about 1995. That triggers all kinds of political debates. The Democrats said the reason for the recovery was because Bill Clinton was elected President in 1993. The Republicans say, no, the reason for the recovery is because Newt Gingrich was elected Speaker in 1995. Frankly, I don't think either one of those had that much to do with it. I think the economy, on its own, with its own strength, created this period of great prosperity.

But as the Senator from Minnesota has noticed, as we got toward the end of this period, we had the dot-com bubble, we had 9/11, we had the corporate scandals, we had geopolitical uncertainty, and the economy was shaken and slipped back again into the red. But, once again, if you notice, in a historic fashion the amount of red below the line in the recent recession was nowhere near as serious as the amount of red below the line in the 1990s, and not even close to the amount that occurred in the late 1970s and early 1980s. So that is the historic perspective of where we are. The economy is strong, it is resilient, and it is now poised for a significant period of growth that we hope will challenge if not exceed the periods that preceded it.

Let's go to the next chart that focuses entirely on the recent years, in the period where we are now. This shows the quarters that constituted the last recession, and then the quarters since then. You can see that since the last recession, the recovery, while initially fairly weak, has now become strong and robust and continues to grow.

In discussing that with Chairman Greenspan and the Federal Reserve, I talked to him about how weak the recovery was, and he said one of the reasons the recovery has been weak compared to previous recoveries is because the recession was so mild. You don't have a strong booming recovery unless you are coming back from a period of great and serious difficulty. Because the recession was so comparatively mild, the recovery was comparatively mild. But now it appears, starting in mid-2003, that it has truly taken hold.

The jobless claims peaked during the recession, stayed high for the first part of the recovery, and then began to get optimistic and strong. That is the case here.

Let us look at the payroll jobs and how they are playing out, again in the historic pattern I have described.

This is the beginning of January 2003. Payroll jobs are being lost, but the amount of loss keeps getting smaller and smaller as the recovery takes hold. In August of 2003, the trend turns positive and the jobs start to come back. Now you have 7 months in which jobs have been created—every month, with the strong figure, of course, occurring last month of 308,000 jobs.

Once again, this follows the standard historic pattern; job are slow to come back in a recovery—every recovery regardless of who is President. People are slow to hire until they are sure the recovery is taking hold. Now the recovery has taken hold and the jobs are coming back.

The next chart shows us why this recession was as mild as it has been. It gives us an indication of what we can look forward to. It is a little hard because the colors are not as contrasting as they should be for television, but the green bars are consumer spending.

One of the interesting characteristics about this recession—it is unique indeed of any recession we have followed—is consumer spending stayed positive throughout the entire recession and then turns more positive, of course, during the recovery. That would indicate no recession at all. But, of course, there was a recession. What caused it? Go to the dark blue bars. This is business investment. We can see the response to the dot.com bubble. The bursting of that bubble was that businesses decided they had over-invested in a number of areas during that bubble. You see that in the very strong dark bars that are up here in 2000. In the middle of 2000, business investment starts to drop.

That was the signal. This was the beginning of the recession, the middle of 2000, and they slip into strong negative territory in 2000, stayed there during 2001, and do not come back to positive territory for nine quarters.

That is why we had a recession and that is why the recovery was sluggish.

Consumers were still buying but businesses were not investing partly because they had overinvested and thereby overspent during the period leading up to the recession, partly because they didn't have the incentives that were created for business investment by the tax cuts that we passed in Congress.

But, in late 2002, the trend turned. Business investment started to go up and became very strong and remained in strong territory, which is why the recovery remains strong.

But let us look at the area we have so much spoken about on the floor with respect to manufacturing. Once again, putting it in a historic perspective, going back to 1999, manufacturing spending was up and started down in 2000.

I keep emphasizing the fact that this started down in 2000, because during the election of 2000 we were told this was the strongest economy anybody could ever imagine, and if one only kept the incumbent party in power in the White House this would continue. In fact, during that period while President Clinton was in the White House and Vice President Gore was campaigning, it had already started down.

Economic activity is not that responsive to political activity; it has a life of its own.

It started down during 2000, slipped below the line that indicates whether it is growing or shrinking in the middle of 2000, it hits bottom in 2001, and then, while it comes up briefly, stays in a period and an attitude of difficulty until you get to the middle of 2003.

Again, the red arrow shows when it was going down, the green arrow shows when it is starting up, and the manufacturing activity has now come up very strong—stronger than it was before the recession started, and every indication is that it will continue.

On the floor yesterday, the senior Senator from Massachusetts talked about wages and how terrible wages are. His colleague who is running for President has said: Well, maybe the economy is coming back but we are in a wage recession and wages are terribly low.

Once again, putting this in historic perspective, we find that the present situation is not without precedent and not without indication as to what will happen in the future. Hourly earnings figures, which the two Senators from Massachusetts used to make their claim, do not include benefit costs. That is a component of compensation that every business man and woman knows you have to include.

I have run a business. I have realized, as every businessman does, that you cannot just compute the amount of money that an employee receives on his W–2 form as the cost that employee represents to you. You have to add to that the cost of his health insurance, the cost of his retirement benefits, the cost of any other benefits you give him in order to come up with the total amount he is going to cost you. If he cannot return to your company enough economic value to cover that total cost, you can't afford it.

To those who say, well, let us ignore the total cost and just talk about the wages, I say you are ignoring economic reality. If you look at the total benefits and wages combined in total cost to an enterprise, you realize we are not in a wage recession. We are in a situation that has very careful precedent very close to what has happened in the past recessions.

When Alan Greenspan appeared before the Joint Economic Committee, I asked the question: Are we in a wage recession? He said no.

I close the way I began. It is the economy that produces money—not the budget. It is the economy that determines how well we will do and not necessarily our laws.

I go back to the headline that I held up at the beginning of my presentation in today's paper, the Washington Post. On the front page of the business section, it says ''Federal deficit likely to narrow by $100 billion.''

Do you know what it would take for us to create a $100 billion reduction this year in spending in order to get that kind of an impact? There it is—an additional $100 billion into the Treasury by virtue of the strength of the economy rather than anything we do.

It is very important for us politicians to understand that and realize that our first responsibility is to adopt policies that will keep the economy strong and growing. I believe this administration and Congress have done that. The information that is now flowing in to us from the economic world demonstrates that our policies are the correct ones.

I yield the remainder of my time and I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

MEDICARE

Ms. STABENOW. Mr. President, I rise today to speak about the Medicare law that we passed and the newly announced Medicare discount card.

I, first, raise deep concerns about a recent report that has come forward from the Congressional Research Service which was made public yesterday. I read from an AP story and report made public on Monday by the nonpartisan Congressional Research Service that efforts to keep Richard Foster, the chief Medicare actuary, from giving lawmakers his projections of the Medicare bill's costs—$100 billion more than the President and other officials were acknowledging—probably violated Federal law.

It goes on to say:

> Foster testified in March that he was prevented by then Medicare administrator, Thomas Scully, from turning over information to lawmakers. Scully, in a letter to the House Ways and Means Committee, said he told Foster ''I, as his supervisor, would decide when he would communicate with Congress.''

Congressional researchers chided the move. Such gag orders have been expressly prohibited by Federal law since 1912, Jack Maskell, a CRS attorney, wrote in the report.

I hope we are going to pursue this. We have a specific report indicating the administration may have violated a law that has been in place since 1912 that relates to information not given to us about the Medicare bill and about an employee, a Medicare actuary, who was told he could not share information, even though that was his job, even though he was asked to do so, another very troubling part of the whole Medicare saga as we look at this legislation.

Sadly, our seniors now must endure another major disappointment as they cope with the implementation of last year's flawed Medicare bill. Since the final agreement was hashed out in the middle of the night last year, seniors across this country have heard more and more frustrating news about the new Medicare law. The latest is the new Medicare discount card or, as some would say, nondiscount card.

Prior to the launch of the prescription drug card Web site last week, seniors discovered one outrage after another. First, they found out this bill had an undesirable benefit. For example, if you have $5,100 in prescription drug costs in a year, you still have to pay 80 percent of that—over $4,000. That is not the kind of benefit people in Michigan desire. When the benefit is explained to them in public forums where I have been participating, people are very upset. This is not the kind of benefit they have been asking for.

Second, they began to understand this legislation will undermine private health insurance and almost 3 million retirees will lose their private prescription drug coverage. About 183,000 people in Michigan, as a result of this bill, are predicted to lose the private coverage they worked for their whole lives and count on now in retirement.

Third, they realize approximately 6 million low-income seniors will have to pay more under this new plan than they did under their existing Medicaid coverage or their coverage will be more restrictive. Think of that for a minute. For the folks who are lowest income seniors, whom we all speak about having to choose between food and medicine, under this new law they will have to pay more—maybe only a little bit more, but every dollar counts when you are choosing between food, medicine, paying the electric bill, or cutting pills in half or taking them every other day. It is astounding the bill that was passed actually increased the costs for our poorest seniors.

Fourth, our seniors discovered there were no provisions to actually lower the prices of prescription drugs. That is amazing. Despite the House of Representatives overwhelmingly passing a bipartisan prescription drug reimportation bill to open the borders and bring back lower priced prescription drugs—