

cannot be used to set prices or to set a uniform formulary. Nowhere in this amendment is there a call for price controls or anything that can be interpreted as price controls. This is about using marketplace forces. This is about using the market just as millions of Americans do every day to hold down the cost of medicine.

Senator SNOWE and I believe one of the most flagrant mistakes in the Medicare law—and both of us voted for that legislation—was to write into law that the Secretary could not have bargaining power under any circumstances at all. We have seen drug prices increase, as AARP has noted, far higher than the rate of inflation. The Wall Street Journal has reported price spikes. The Congressional Budget Office has indicated there can be savings from negotiations in the area of single-source drugs that do not face competition, and suffice it to say, many of the single-source drugs are ones that are commonly used by Medicare patients, such as Lipitor and Zocor and Prevacid.

I will wrap up, Mr. President, with only a couple of additional points because I know my colleague from Washington has been very patient. The authority that Senator SNOWE and I seek to grant to the Department of Health and Human Services is the authority that Secretary Thompson at his last press conference as head of the Department of Health and Human Services, said he wished he had. So the last head of that agency, at a time when they were moving to implement the prescription drug law, said specifically he wished he had had this authority.

The last point I would make, Mr. President, is that some have said: Well, seniors are seeing some savings already. If that is the case, we are glad to see it, but it comes about because the basic benefit covers 75 percent of the cost of the drug after the \$250 deductible. So the question for the Senate is where are you going to look in order to hold down the cost of this program? Are you going to look at taxpayer subsidies? Are you going to look at marketplace forces? Senator SNOWE and I believe that at a time when the costs of Government are soaring and the costs of this prescription drug benefit are soaring, we ought to use commonsense marketplace principles to hold down the cost of medicine, not continue to rely on taxpayer subsidies, and that is what our amendment is all about.

Mr. President and colleagues, I do not know of a single private sector entity, whether it is a timber company in my home State of Oregon, or a big auto company in the Midwest, that when they are buying something in bulk, say: What about the possibility of some discounts? So why shouldn't Medicare ask that question, just to have that authority so as to make marketplace forces work? Why wouldn't we want to assure that there is every possible tool to help seniors hold down the costs of medicine?

We will debate this at greater length in the course of the week. As I noted, Senator SNOWE and I received 51 votes, a majority of the Senate, for this legislation before the program went into effect. I would just say to our colleagues tonight, everything that has happened in the last few months suggests that there is an even better case for the bipartisan Snowe-Wyden amendment to hold down the costs of medicine.

Mr. President, with that I yield the floor.

THE BUDGET

Mrs. MURRAY. Mr. President, I have risen tonight to express my deep concerns about the budget that is before us. I am concerned that the budget that this Senate is now considering does not pass the test of protecting our homeland. It does not pass the test of promoting fiscal responsibility. And it does not pass the test of fighting for our middle-class families.

Let me start by putting this discussion in the right context. The budget decisions that we make now will either empower us or tie our hands when we turn to write the appropriations bills this year. That means you cannot vote for an unrealistic budget now and then act surprised in the summer and fall when painful cuts are required. Just look at what happened last year. The logjam that we experienced at the end of last year was not a surprise. It was the logical outcome of decisions that were made regarding the budget.

Starting last March, many of us saw that there was no way we could meet our obligation to our veterans, honor our commitment to America's working families, enact huge cuts in entitlement programs such as Medicaid and Medicare, enact another round of tax cuts, and continue to cut our Nation's deficit. And when you added the growing cost of the war and Hurricane Katrina, the legislative train wreck was entirely predictable. I hope we do not repeat the same mistakes this year—starting with the wrong priorities and unrealistic assumptions here in the budget process which will lead to constrained appropriations bills that will end up hurting our American families.

Mr. President, a budget is more than just a bunch of numbers on a piece of paper. It is a statement of our values, and it reflects our priorities. The budget this Senate is now considering closely follows the President's budget, and it is based on the wrong priorities. It is clear to me that we need to invest here at home to make our country strong again. That means investing in education and in health care, in infrastructure and housing, in safety and security, and on each of those fronts the Bush priorities have been time and again misguided, adrift, and downright painful for millions of Americans.

You know, Mr. President, when I am at home in Washington State or here in the Nation's Capital I hear a lot of con-

cern from the business community, from local governments, and from families across the United States about us losing our global competitiveness. They talk to me about the challenges they face in keeping and growing good jobs right here at home, and they tell me that education is one of the elements for our success. But last year's budget, the fiscal year 2006 budget, set us on the path of undermining our competitiveness by weakening educational programs at all levels, and I fear that this budget, the fiscal year 2007 budget, will do the exact same thing.

Last year's budget, the 2006 budget so constrained education, the Labor, Health and Human Services and Education appropriations bill failed once in the House and almost did not pass at all. In the end, the programs faced one last hit, a 1-percent across-the-board cut that further hindered education at all levels.

At a time when our schools are facing the increasing requirements of No Child Left Behind, our families are facing rising college tuition costs, and employers are crying out for highly skilled, educated workers, this is no time for our Nation to be short-changing education.

Because of laws Congress has passed and President Bush has signed, school districts are facing increasingly rigorous academic standards and working very hard to meet the new requirements for highly qualified teachers.

How has Congress responded? Well, a majority in this Congress cut funding for the No Child Left Behind Act by 3 percent, or \$13.1 billion below what was promised when we passed that bill. The fiscal year 2006 budget from last year also led the Government to slide backwards on its commitment to students with disabilities for the first time in 10 years. The Federal share of educational costs dropped from 18.6 percent in 2005 to 18 percent in 2006. Funding for disadvantaged students eligible for title I was inadequate. The fiscal year 2006 funding from last year is \$9.9 billion less than what Congress and President Bush committed to spending in that law. That bill would leave behind 3.1 million students who could be fully served by title I if the program were funded at the level to which we committed.

The reason I feel the need to talk about last year's budget at length is to put this year's budget proposal in context because the budget we are considering, the 2007 proposal, continues that dangerous trend. The President proposed the largest cut to education in 26 years. Sadly, this budget resolution makes it impossible to restore those proposed cuts. It would eliminate vocational and technical training efforts and college prep programs that have been so successful, such as TRIO and GEAR UP.

This year, unless we change course, \$11.9 billion is going to be cut from student loans, loans that help our low-income and middle-income families pay

for college, and 70 percent of those cuts is going to come right out of the pockets of students and their families.

Those cuts, by the way, will not go for balancing the budget. They are going to go for tax cuts for those who need them the least. We are trading the higher education of the Nation's families for our majority's misguided fiscal policy.

Tuition and fees increased by 7.1 percent this year for 4-year public universities and 5.9 percent for private universities. The policies that are pursued in this budget are not just wrong for our country, they are going to cost our Nation dearly in the long term. Today, one-third of the U.S. workforce has a postsecondary education—one-third. But it is estimated that 60 percent of the new jobs in the 21st century are going to require a college education. Workers who have attended college on average have higher incomes and lower rates of unemployment than those who don't. And those with a college education are more likely to have jobs with benefits like health care and retirement and pension plans.

We should be helping to break down the barriers to a college education, not building them up with this budget. We will not succeed in preparing our students for the 21st century by cutting their support, and we will put our country at a competitive disadvantage as we confront the world's challenges unless we change course.

On the workforce issue, the GAO has said that business and customer satisfaction with our workforce system has never been better. But this President is now proposing hundreds of millions of dollars in budget cuts that effectively dismantle our local one-stop system of providing training and employment services for our workers.

I have 5,000 people in my home State of Washington who are desperately seeking training right now, and there are over 50,000 jobs that employers are looking to fill. We should be increasing our investment in worker training—not ensuring that all of our good-paying jobs are going to be outsourced abroad.

Finally, this budget fails to adequately protect our miners and our other workers from health and safety dangers they face in their workplace.

On housing, this budget resolution will mean painful cuts—housing for the elderly cut 26 percent, housing for the disabled cut 50 percent, community development block grants cut by more than \$1 billion. Those are the wrong priorities. We should be providing more help for the disabled and the elderly and for community development.

Everywhere I travel in Washington State, I hear from families struggling to find a safe and affordable place to live. Whether it is a young couple looking to buy their first home or a family searching for rental housing close to their job or a senior citizen who wants better access to social services, it is harder than ever to find affordable housing.

Across the country, public housing agencies and nonprofit organizations are working hard to help families find a place they can call home. At the same time, they are contributing to community revitalization efforts that will bring new jobs and opportunities. But a lack of funding threatens the achievements that have been made and the work that is yet to be done.

This budget resolution that is before us assumes the President's proposal to cut the Community Development Fund, which includes the Community Development Block Grant Program, by more than \$1 billion. That, by the way, is on top of a \$5 billion cut the program received this year.

Every Senator here knows how successful the Community Development Block Grant Program is. You can see its impact in communities across the country. Whether it is construction of new affordable housing or supporting community revitalization, CDBG is bringing hope and opportunity to some of our country's most vulnerable.

The budget resolution we are looking at this week does not restore funding for the Community Development Block Grant Program. That will make it virtually impossible to restore cuts in housing and community development, including that \$1 billion reduction in CDBG.

I refer my colleagues to the views and estimates filed on the Budget Committee resolution from the chairman and ranking member of the Appropriations Committee, and I want to quote directly from those views:

We reiterate that unless the committee—the Appropriations Committee—receives substantial relief from these unachievable assumptions, the committee will be unable to fund the President's request much less items of Congressional interest.

I think that is wrong.

I am going to be offering an amendment, with the support of many of my colleagues, to restore that funding.

I believe it is also critical that we continue to invest in our Nation's infrastructure. Recent cuts in transportation spending are threatening to weaken our airline safety. They are imposing new transportation costs on American businesses, and they cost tens of thousands of construction jobs. Investing in our Nation's transportation infrastructure helps reduce congestion, improves safety, and supports continued economic growth.

On veterans, this budget does not keep America's commitment to our veterans because it is built on making it harder for veterans to get the health care they have earned. The Bush administration wants to close the doors of VA hospitals to 1.1 million veterans. It is going to keep another 200,000 from accessing the VA. The Bush administration is imposing new fees, copayments, and blocking access, and that is just wrong.

The committee resolution will simply make it impossible to fully fund VA health care without additional cost

sharing. The resolution assumes the President's increase for VA health care, but this increase is matched in part through higher premiums and copayments.

I offered an amendment during markup to restore full funding for VA health care without forcing our veterans to pay for the care they earned. Unfortunately, it failed in committee, but we are going to try again on the floor.

One of the biggest flaws in this budget is in homeland security. I know a lot of Senators recognize the inadequacies of the administration's approach, with the chairman of the Budget Committee, who also serves as chairman of the Homeland Security Appropriations Subcommittee, characterizing it as "gross malfeasance."

I thank the chairman for recognizing this and for making a gesture in the budget toward addressing this gaping hole. But gestures are not enough, and if the Senate passes the caps proposed by the administration and contained in this budget, no Senator should be under any illusion that we will have any other choice but to once again underfund our Nation's defenses.

In recent weeks, we have all heard about the issue of cargo and port security. It is looming large, and we have had a vigorous debate here and across the country. No matter the particular outcome of this one transaction, this country is not adequately prepared to confront the threats we face to our security through our trading system. Sadly, this budget continues that regretful trend.

On health care, the President wants to cut 2.2 percent from HHS. That is going to reduce our investment in medical research, in disease prevention, and in important safety net programs such as urban Indian health.

During the Budget Committee, I actually offered an amendment to try to provide some direction and flexibility to the Finance Committee to act on legislation aimed at addressing the problems with the Medicare Part D benefit, to provide them with a deficit-neutral reserve fund to deal with the copayments our States are facing.

It is only a matter of time and our States are going to revolt, and our pharmacists are already paying the price. I hope we again address that.

Let me conclude by saying this budget is neither fiscally responsible nor disciplined. Under the assumptions in this resolution, the deficit is actually going to get worse. Debt is going to continue to increase. The only fiscal constraint included in this resolution is a cap on discretionary spending that will make it almost impossible to meet our country's needs or our appropriations deadline of October 1.

I will have more to say.

Let me end by saying that this budget is based on unrealistic spending targets and lacks any real fiscal discipline. Simply providing unrealistic

caps on domestic spending while assuming additional tax cuts is not fiscally responsible. I believe this budget is neither honest nor responsible.

We have a lot of work to do to make our country strong again. We need a budget that reflects our priorities and values. And we cannot forget that the choices we make today will empower us—or entrap us—months from now. I hope we can work together on both sides of the aisle to create a budget that protects our homeland, ensures fiscal responsibility, and stands up for our middle-class families.

Thank you Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

BUDGET DEFICITS

Mr. BAUCUS. Mr. President, the Book of Proverbs says: "The borrower is servant to the lender."

This is a sad week for America, for we have become servants to many nations.

This week, we debate legislation to raise the Government's borrowing by \$781 billion. That is more than three-quarters of a trillion dollars.

This will be the fourth largest debt increase in the history of our country, and it will be the fourth debt limit increase enacted in this administration.

In 2002, the Government raised the debt ceiling by \$450 billion. The next year, 2003, the Government raised it by \$984 billion—nearly a trillion dollars. That was an all-time record. And in 2004, the Government raised the debt ceiling by another \$800 billion.

This week, we consider legislation to raise the debt ceiling by another \$781 billion. When added to the three other debt ceiling increases during this administration, the total increase in the debt ceiling will be a mammoth \$3 trillion. That is servitude.

When this administration took office, the limit on Treasury borrowing was about \$6 trillion. It took us as a country 212 years to accumulate that much debt. Now, a mere 5 years later, this administration has added another \$3 trillion. This one administration has added half again as much debt as all the other administrations that came before it put together. That is servitude.

During the period that this administration has been in office, the debt has gone up by about \$10,000 for every man, woman, and child in America. For a family of four, that is an increase of \$40,000 just during the time this President has been serving as President.

What would an average American family think of that amount of debt? Imagine an average American family sitting at the kitchen table. Imagine them looking at \$40,000 in new debt. What would they think? Would they just call up the credit card company and ask for a higher limit?

The right thing to do would be to turn over a new leaf. The right thing to

do would be to balance the family budget. When your debt spins out of control, you cut up the credit card, you try to live within your means, and you stick to a budget for the future of your family.

The question is, Will Congress show the kind of fiscal discipline that is necessary? Will Congress show that discipline that any American family should be expected to show?

And to whom are we servants? We are servants to foreigners. Much of the Treasury debt is now owned by foreigners. That includes both foreign citizens and central banks in foreign countries. That means we pay interest to foreign citizens and foreign central banks. Over time, this will lower America's standard of living.

How is debt like servitude? These large foreign holdings of our Treasury debt are a risk to our homeland security and our economic security. Suppose the President thinks that another country is jeopardizing America's security. Suppose the President would like to tell that country that America would like action from it and would take action against it if it did not change its actions. If that country's central bank owned a large amount of our Treasury debt, it could threaten to sell it quickly. That sale would drive up interest rates and cause the dollar to fall. That would cause a recession in America. As a result, the President might have to back down from threats against that other country. America would be at greater risk.

Or take the situation where America has a trade dispute with a foreign country. Imagine that the foreign country's central bank owned a lot of our debt. Then that country could threaten to sell the debt to force America to back down from our position in a trade dispute. America would be weaker in trade.

Foreigners own more than \$2 trillion of Treasury debt today. This is double the amount they owned at the beginning of this administration.

Mr. President, 96 percent of the increase in debt held by the public between December 2004 and December 2005 resulted from foreign purchases of that debt. The bottom line is simple. These massive increases in debt harm America. They make us the servants of foreign nations.

How did we get to this point? Federal budget deficits drive up our debt, and these deficits have been huge during this administration. When this administration took office we were running large budget surpluses—not deficits, surpluses. In fiscal year 2000, the last year of the previous administration, we ran a surplus of \$236 billion. We ran a surplus of \$86 billion even without counting Social Security. By fiscal year 2001, the surplus, counting Social Security, had dropped to \$128 billion, down from the \$236 billion in the prior year. Then, the tide of red ink really flowed. In fiscal year 2002, the Government ran a deficit of \$158 billion. The

following year, 2003, the Federal Government ran a budget deficit of \$375 billion. That was an all-time record. But that record lasted just 1 year.

The next year, fiscal year 2004, the Government set a new record by running a deficit of \$413 billion. The following year, fiscal year 2005, the Government ran a deficit of \$319 billion. Although this was not a record, it was still larger than deficits run in any year before this administration took office. In the current year, the deficit will go up again. The administration predicts that the deficit will rise to \$423 billion. This represents yet another all-time record.

To make matters worse, these record deficits are occurring just at the time the retirement of the baby boom generation is about to begin. The retirement of the baby boom generation will put enormous stress on the Federal budget. It will lead to huge increases in the cost for Social Security, Medicare, and Medicaid, and this will drive up budget deficits.

The fiscal policy of this administration has been the most irresponsible in the Nation's history. This fiscal policy has generated huge budget deficits, and these deficits, in turn, have contributed to massive increases in Federal debt.

We need to change course. We must reenact the tough pay-go budget rule. The pay-go rule says if you want to increase entitlement spending or tax cuts, we have to pay for them. Senators CONRAD and FEINGOLD will offer an amendment to the budget and again to the debt limit legislation to restore tough pay-go rules.

I will have more to say about that when the amendment is offered, but for now let me cut to the chase. Every Senator ought to vote for that amendment. We need to enact a tough pay-go rule. We need to work together to stop increasing the budget deficit. We need to vote against the hemorrhaging of debt that has afflicted us these last few years. That is what we need to do.

The choice is clear. Will we fall further into debt to foreign powers or do we have the will to break the bonds of our debt servitude? All that is at stake is our freedom.

I urge Senators to think deeply about the upcoming vote. The future of our country, in many deep senses of the term, depends on that vote, especially the future of our children and our grandchildren.

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

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

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that there now be a