

people who have ALS, Parkinson's disease, Alzheimer's—we would be closer to saying hope is there because we are doing the research and we are going to find the cures. It will not happen unless and until we get over that Presidential proclamation of August 9, 2001.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, first, I want to say to our friend from Iowa how much we appreciate his diligence in promoting better health in this country, and more opportunities for all Americans. I think, for instance, of his work on the Americans with Disabilities Act. Because of that bill, people who have a disability and weren't able to get around as easily as some others, now have access to so many more places. We are so grateful to the Senator from Iowa for his work on that landmark legislation.

LIBYA

Mr. LAUTENBERG. Mr. President, today the Bush administration is taking an action that is almost incomprehensible. Frankly, it is outrageous, when you think about it. The administration is removing Libya from the State Department's list of state sponsors of terror even though Muammar Qadhafi has not fulfilled his commitments to the American victims of Libyan terror. Even though Qadhafi is not keeping his promise to Americans who lost loved ones when agents of his government bombed Pan Am flight 103, the administration is going to give Libya full diplomatic privileges.

The President is taking this action even though this Senate recently passed my resolution which said that diplomatic credentials should not be given to Libya until Qadhafi provides all of the restitution promised to the families of the victims of the Pan Am Flight 103 bombing and other acts of terror supported by Libya. I know a lot of those families, families from New Jersey and in the area generally, who lost loved ones on that flight. Many of the victims were young college students from Syracuse University. I have a nephew who went there. He was to take that trip but at the last minute had to change his plans. He lost several very good friends.

I have been to Lockerbie, Scotland, and know too well what happened that fateful day when 270 people were killed, with the airplane and human remains falling onto that beautiful little community, Lockerbie, in Scotland. I have seen the remnants, the souvenirs that the victims had bought on that trip that was during the Christmas period. I saw Mickey Mouse hats and things that college kids enjoy. Even bottles of wine that survived were then put in a warehouse of things that were collected on the ground but could not be assigned to any single family because they didn't have any sort of identification attached to them.

It was a sad moment for mankind, for sanity in our world. Libya ultimately was convicted of providing the resources for those terrorists who brought that airplane down. Libya has not paid all of the claims that were awarded to the families of the victims; Libya has not paid the last installment of compensation due as a condition of being removed from the list of state sponsors of terror. That was the agreement. That was the understanding.

No matter how many years pass, these families will never forget their loss, their grief; neither will anyone who knows these families, who knows the pain visited upon these people when they heard that their son or daughter was killed in the downing of that airplane.

If Libya has indeed renounced terrorism, that is great news, as is the fact that Libya, which was thought to be engaged in the development of weapons of mass destruction, has agreed to stop that pursuit. Still, the Libyan government has an obligation it agreed to meet so that it could rejoin the community of nations, to achieve a level of acceptance around the world. Their past behavior cannot be excused. They murdered Americans and they must be held fully accountable.

Today, the Bush administration has rejected accountability for Libya. Today, the administration has put other interests ahead of the interests of the American victims of terrorism. What are those interests that prevailed in the end? We will let the investigative journals figure that one out.

But when leaders of our country say "we must never forget the lessons" of acts of terrorism, I think they should mean it. Libya should fulfill its promise, its commitment to the families of the victims of Pan Am 103 and not let that commitment be forgotten because part of it has been fulfilled but not all of it. We must not forget that Libya has failed to comply entirely with the basic promise to those families.

We urge the President and the administration to hold fast and insist that Libya pay its bills. The money will never compensate these families for the loss of their child, brother or sister, father or mother—never. But at least it shows that Libya is serious about honoring its commitments, something that is essential before it can achieve anything approximating the status of nations that follow the rule of law. So we must insist on that.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

COAST GUARD AND MARITIME TRANSPORTATION ACT OF 2006—CONFERENCE REPORT

The PRESIDING OFFICER. Pursuant to the order of June 22, 2006, the Senate

receives a message from the House. The House concurs in S. Con. Res. 103, and having received the conference report on H.R. 889 from the House, the conference report is agreed to and the motion to reconsider is laid upon the table.

(The conference report is printed in the House proceedings of the RECORD on April 6, 2006.)

EXECUTIVE SESSION

NOMINATION OF HENRY M. PAULSON, JR., TO BE SECRETARY OF THE TREASURY

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to executive session to consider the following nomination, which the clerk will report.

The assistant legislative clerk read the nomination of Henry M. Paulson, Jr., of New York, to be Secretary of the Treasury.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I hope before the day is out that we are able to help a very good American citizen by the name of Henry Paulson to be the next Secretary of the Treasury. Mr. Paulson had his hearing yesterday. That was before the Finance Committee that I chair. He was reported out on a unanimous voice vote this very morning in the Finance Committee.

Since the Treasury Secretary is the top economic policy official in the administration, and the Treasury Department implements so many of our Nation's laws—be it tax, trade, or commerce—we have a tradition in the Senate of moving with all deliberate speed on nominations to fill that post.

That tradition has held no matter which party controlled the White House or the Congress. I have moved aggressively on this nomination, but the timeline is consistent with past Treasury Secretary nominations.

Just as an example, everybody remembers Secretary Rubin in the Clinton administration. That timeline is something like: The Senate receives his nomination January 4, 1995. That was the first day of the session that year. The official ethics-related paperwork was received on January 5 of 1995. The Finance Committee staff expedited review of the complicated financial details of Secretary Rubin, also a senior official at Goldman Sachs—Henry Paulson being the CEO of that same firm. The Finance Committee held a hearing 5 days later, on January 10, 1995. On that same day, the committee reported Secretary Rubin's nomination. On that same day, the full Senate confirmed Mr. Rubin, and he was sworn in as Treasury Secretary.

So we are moving with a similarly aggressive schedule. I appreciate the cooperation of Members on what I will acknowledge is relatively short notice.

I thank the committee tax staff on both sides, especially the joint committee staffer Gray Fontenot, and the hard work that not only he did, but a lot of others, and it took a lot of long hours to process these papers over just a period of a few days prior to today.

My staff examined Mr. Paulson's complicated financial records, his tax return, and the activities of his firm, Goldman Sachs. We do this most often in the area of tax planning. We have received very good cooperation. Then, of course, after the review, we have high confidence in his qualifications for this position.

Mr. Paulson brings to the table an enviable set of assets, meaning qualifications to do a good job as Secretary of the Treasury, although I presume he brings a lot of other assets to the table as well. Mr. Paulson spent a good amount of his youth—would you believe it—in the cornfields of Illinois. As a bright young man with excellent academic credentials, he served in the Pentagon and in the White House.

After Government service, Mr. Paulson joined Goldman Sachs and rose through the ranks to the highest position of chief executive officer.

When you look at Mr. Paulson's story, you come away with a view that this is a guy who gets the best results at whatever he tackles, and that is just the sort of a person we need as Secretary of the Treasury because we have a very good economy, measured by long-term standard measures of the economy—creating 5.3 million jobs in the last less than 3 years, having 4.6 percent unemployment, having growth on average that we had during the 1990s; lots of measurements of the economy that are very good.

I am not picking out things that are never used to measure the economy. I am talking about things that have been used to measure the economy over the last 60 or 70 years. Those measurements say it is good. But if we don't have the right people setting the right policy for carrying out those policies that Congress might set, it could be in jeopardy.

That is why we need a person of Paulson's background—a person who comes out on the right end of almost everything he tackles—to be the chief economic voice for our country and to be the voice for this administration. But his work is the administration's work, his work is the country's work, and I think he is up to doing the country's work.

The impression I have and gave you about Mr. Paulson is reinforced when you have a personal meeting with him. I think it is fair to say that after yesterday's hearing, Members on both sides of the aisle came away very impressed with Mr. Paulson as a thoughtful and intelligent nominee who appreciates the concerns raised by Senators and will work with Senators on trying to solve those concerns.

I will touch briefly on one matter that came up at the hearing, and which

I know is of concern to some Members. It is well known that Mr. Paulson is active in environmental issues. He is an avid bird watcher and is chairman of the board of the Nature Conservancy. I share the worry that Mr. Paulson knows his job is to be Secretary of the Treasury and not head of EPA. Mr. Paulson's response on this concern to about three of us on the committee who brought this up was this. He said:

The President of the United States has nominated me to be Secretary of the Treasury, he hasn't nominated me to be Secretary of Interior, he hasn't nominated me to be head of the Environmental Protection Agency, that really big focus I have is going to be dealing with so many of the issues that we've been talking about today, the economic issues that are the core of our agenda . . .

Considering his sincerity—and I don't think he is a person capable of misleading—I think he is very transparent. I came away with the confidence that Mr. Paulson knows where his focus needs to be and where his responsibilities lie.

I did kid him the other day. There is a superintendent of that building you call the Treasury Department down there that is trying to get his favor. So they are probably right now building a bird-watching station for him outside of the Treasury building someplace because he is known very much for that.

But I think he is going to tend to business and not get over into other areas of the Government.

I also note that Mr. Paulson is here at just the right time. He is here to deal with tax reform, China currency, and with other major economic issues facing America.

I am pleased that Mr. Paulson has answered the call to return to public service.

I encourage Members to vote in favor of a highly qualified nominee to be Secretary of the Treasury.

For the public at large that does not quite follow everything every day in Washington, DC, I hope you understand that there are some people in America who are willing to give up the multi-million dollar salaries as CEOs of Wall Street firms to serve the public good, to serve as Secretary of the Treasury and a lot of other positions in Government and make less than \$200,000 a year compared to the tens of millions of dollars that they make. Most people who like to make big money like to keep on making big money. But there are some people, such as Mr. Paulson, who are willing to serve the American public, to do what is right for our country and do it willingly and selflessly.

I urge my colleagues to vote for a very good citizen, a person who I believe will be a very good Secretary of the Treasury.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I thank my good friend, Chairman CHUCK GRASSLEY, for the way in which he has

moved this nomination. It is the right thing to do. I commend him for it.

Mr. President, I also support Hank Paulson, this administration's nominee for Secretary of the Treasury.

Throughout its history, the Department of the Treasury has required enormous innovation, vision, and perseverance. Our Nation's first Treasury Secretary, Alexander Hamilton, laid the foundation principles of America's public economy, its credit, its industrial development, and commercial activity.

In 1790, Hamilton presented to Congress his plan for public credit, assuming the States' war debts, implementing import duties and excise taxes to repay these debts, and establishing a national bank. The next year, he laid out a plan for an American manufacturing economy, so far ahead of its time that it resonated well into the 20th century.

Henry Morgenthau Jr. steered the Treasury for over a decade in peace and in wartime. He defended the dollar against speculation through the 1930s, financed the war effort with war bonds, and ushered in a new system of international financial stability after the Second World War.

Secretary James Baker embraced new challenges, including the Latin American banking crisis and the Plaza Accords.

The Asian financial turmoil of the 1990s met the able and wise leadership of Secretaries Robert Rubin and Lawrence Summers. They steered the world economy through crises. And they managed our economy's remarkable growth and return to fiscal discipline.

Today, leadership and vision are as imperative as during our Nation's founding and in the two centuries since. The challenges are different. The world economy is more complex. China and India are economic powers on the rise. Speculative investments have grown. Twelve European nations are bound by a common currency. Financial markets are deeper, more liquid, and more integrated than ever before. But global economic growth and international trade are fundamentally out of balance.

Faced with these challenges, I welcome this administration's nomination of Henry Paulson to become Secretary of the Treasury. I have known Hank for many years. I believe that he is an outstanding choice for this demanding position. Hank has demonstrated his knowledge of financial markets and helped guide them through three decades of transformation. He rose to the helm of Goldman Sachs with our former colleague Governor Jon Corzine, and as sole CEO, presided over some of the most successful years of that company.

Hank is broadly respected by his colleagues. He has earned a reputation as a man of boundless energy and a relentless work ethic. Hank proved himself an innovative and prescient thinker, able to consider economic and financial challenges before they are upon

us. Today he has nobly answered the call to public service. And he will bring much-needed credibility to our economic message to hard-working Americans, and to the world.

Hank Paulson understands that our economy's strength is rooted in the entrepreneurial spirit and the competitive zeal of the American people. He understands just as well that our strength is not a given. That we cannot take our economic preeminence for granted. In the Rose Garden last week, he rightly declared that "We must take steps to maintain our competitive edge in the world."

I welcome Hank's determination to take steps to boost our economic competitiveness. I am convinced that economic competitiveness is one of the greatest challenges facing this administration, this Congress, and our Nation.

The competitiveness challenge comes from a rising China. China has tripled its share of global trade in 4 years. China has become the world's top information technology exporter. And China has drawn much of the world's investment.

The challenge comes from India. India's IT sector has grown 50 percent a year since 1993. India's universities are top-notch. And India's research capabilities attract billions of dollars in investment.

The challenge comes from countless smaller economic dynamos in Asia and Europe. These emerging markets have transformed their economies to embrace globalization.

Yet our competitiveness challenge also comes from within. America too often looks back at what we have achieved. Rather, we should prepare for tomorrow's challenge.

Our broadband infrastructure ranks 16th in the world. Our research and development spending ranks behind Sweden, Finland, Israel, Japan, and South Korea. Three out of 10 Americans do not graduate high school. One-quarter of Americans read below basic levels. And our national savings are negative.

These challenges are at our doorstep. We must act. That is why I urge Treasury Secretary Paulson, once confirmed, to lead this administration's engagement with Congress on economic competitiveness. As I have said in several dozen statements on competitiveness over the past months, we can wait no longer to implement a real competitiveness agenda. We in Congress are ready.

I have spent much of the past year developing a comprehensive economic competitiveness agenda. This agenda focuses on education as the foundation of a successful economy.

In the coming weeks I will introduce legislation that would provide scholarships and create tax incentives for early education, science, math, and engineering teachers. It would provide matching funds to offer universal early education, lower barriers to higher education, and double the number of

advanced placement courses in our high schools. My education competitiveness legislation would support afterschool and mentoring programs. It would restore our commitment to Native American education. It would direct grants to outstanding young scientists. And it would encourage companies to get involved in making our schools the world's finest.

Upon this foundation of education must stand strong pillars of a competitive economy. One such pillar is energy, which fuels a successful economy. My energy competitiveness legislation would look to the future. It would create the new Advanced Research Projects Agency—Energy to conduct transformative research and create alternative energy solutions. While this research would look for tomorrow's energy alternative, my legislation would also encourage today's alternative energies, like coal gasification technology, wind, and other alternative fuels.

A second pillar of my agenda is the Research Competitiveness Act, which boosts what America does best—innovate. My legislation would simplify and make permanent the research and experimentation tax credit for innovators looking for tomorrow's next big thing. My legislation would provide access to start-up capital for small, research-intensive businesses. And my legislation would encourage support of basic university research.

The trade competitiveness initiative is the third pillar of my agenda. Trade is vital to American ranchers, farmers, and businessmen. But they must have a level global playing field.

Legislation I have introduced would create a Senate-confirmed trade enforcement official who would be dedicated to guaranteeing that our trading partners play by the rules. It would also give the Treasury Department the tools to keep countries from unfairly manipulating their currencies to keep their exports cheap.

A fourth pillar of my agenda is the Savings Competitiveness Act. It would underscore savings as critical to households and vital to a healthy economy. It would make the Saver's Credit into a refundable matching credit. It would make enrollment in 401(k) plans automatic. It would offer savings plans for small business employees. And it would create Young Saver's Accounts for parents' contributions to their children's savings.

Friends warned Alexander Hamilton against accepting a position as Treasury Secretary. They said the position was too difficult, too controversial. He replied simply: It is the situation in which I can do the most good.

I believe Hank Paulson can also do much good. I hope my colleagues will join me in welcoming this nomination. I hope we can work together to implement a comprehensive agenda to improve America's economic competitiveness.

I yield the floor.

The PRESIDING OFFICER (Mr. MARTINEZ). The Senator from Oregon.

Mr. WYDEN. Mr. President, I commend Chairman GRASSLEY and Senator BAUCUS for moving quickly to have the Senate consider the nomination of Henry Paulson. I am convinced he is the right man at the right time. It is my intent to strongly support his nomination and vote for him later in the course of this afternoon.

My hope, in particular, as Henry Paulson moves to this vital position, is that he will move quickly to set in place a strategy for reforming our Tax Code. Suffice it to say, a lot has happened to our tax system since 1986, the last time the Tax Code was overhauled.

For example, since 1986, there have been more than 14,000 changes to the Tax Code. It comes to three changes for every working day for the last 20 years.

There are substantial questions with respect to fairness in the Tax Code. I am one who feels it is critically important that every American have the chance to build and accumulate wealth. That is pretty hard to do, given some of this country's tax policies.

For example, this spring, Warren Buffett, who is the second wealthiest person in the United States, told me he was going to be paying a lower tax rate than his receptionist. That is not right. I am not interested in soaking anybody. I am not interested in any kind of class warfare. But I want middle-class people to be able to get ahead as well.

For the first time in decades, we have seen corporate profits go up. We are glad to see that. We have seen productivity go up. We are glad to see that. But middle-class people are not seeing much growth in their wages. They are living paycheck to paycheck.

As Hank Paulson goes to the Treasury Department, I know he is interested in coming up with a fresh approach to the Tax Code, an approach that can allow us to simplify it, get a fair shake for middle-class folks and all Americans. I particularly commend our ranking minority member, Senator BAUCUS, because I think Senator BAUCUS, in talking about global competitiveness and what it is going to take to create high-skill, high-wage jobs for Americans in the global economy, has done some of the heavy lifting on this key issue by spending a lot of time over the last few years looking at these issues, talking to people on both sides of the aisle, with business leaders and the like. I commend Senator BAUCUS because he has laid some of the key groundwork to discuss tax reform as a result of his focus on global competitiveness.

I also thank Chairman GRASSLEY for his discussions with me and with the committee. We have begun to look at corporate issues in this area. Senator GRASSLEY, as he begins the effort to look at tax reform, particularly because of the bipartisan way in which he has led our committee, is a person ideally suited to work with Senators

on both sides of the aisle and the administration, for us to build a strategy with a new Secretary of the Treasury, Mr. Paulson, to get this job done.

Suffice it to say there will be some very tough issues. Look, for example, at the issue of State and local jurisdictions and the differing tax treatment we have for these jurisdictions. A State that may have high taxes, such as New York, looks at this differently than a part of the country that does not have the same dependence on revenues from that source.

With the leadership of Chairman GRASSLEY and Senator BAUCUS and a new Secretary of the Treasury who is going to look to bring people together, look at how we can modernize the Tax Code so we can make the kind of decisions that are necessary to give our citizens a better quality of life in a global economy. We are up to it.

We do not have a lot of time. The next 6 months, particularly the time between now and January, is key. That is why I have been so pleased Chairman GRASSLEY and Senator BAUCUS have been interested in looking at these issues. As a result of their examination of these topics, we can lay the groundwork so the administration next January could work with Senators on both sides of the aisle, work with the other body and work with the Senate, and we can enact comprehensive tax reform.

There will be a host of other issues we will have to look at. Obviously, health care, the fastest rising expense in the American economy, is dramatically affected by the Tax Code. I happen to think there are some good ideas on both sides of the aisle with respect to tax treatment of health care expenditures in our economy. We are spending over \$150 billion through the Tax Code on American health care. I don't think we are getting our money's worth. In too many instances, we are subsidizing inefficiency. This is certainly going to be a controversial area.

Democrats and Republicans, under the leadership of Chairman GRASSLEY and Senator BAUCUS, and the new Secretary of the Treasury can dig into that issue.

The last point I mention, in the Commission that was set up that was chaired by Senator Mack and Senator Breaux, there are some good ideas the Congress can pick up on, working with the administration. Certainly, I don't agree with all the Commission has proposed, but let me give a couple of examples.

In legislation I have authored, the Fair Flat Tax Act, I have made it clear I want a Tax Code that is simpler, fairer and flatter. If you look at what the President's Commission has come in with, there is some opportunity for common ground. For example, in my Fair Flat Tax Act, there is a 1-page 1040 form, something a typical person can fill out in about half an hour. The administration's version, the one that came out with the advisory committee, is probably six, seven lines longer. I

have a 30-line, 1040 form; theirs is six or seven lines longer. Big deal. For purposes of Government work, we can find common ground in a hurry in order to have a simpler Tax Code. That alone would be a real contribution for the American people.

On the question of making the Tax Code flatter, there are six brackets today in our Tax Code as it relates to the individual side of the code. My proposal involves three brackets. It is a progressive structure. Essentially, it is the same one that Ronald Reagan started with when he looked at tax reform. The President's advisory commission comes in with four brackets. Once again, big deal. We can find common ground as it relates to making the Tax Code flatter.

There are differences of opinion, certainly, in other areas. I have mentioned trying to get a fair shake for middle-class folks. We all understand what Henry Ford said about capitalism. Henry Ford was an industrialist. He said he wanted to do well, but for him to do well, his people had to have enough money to be able to buy cars.

Middle-class folks are getting hammered in a way today that makes it hard for them to make a lot of these purchases that are essential to them, which is why they wrack up so much debt. I think both political parties can find common ground on this tax issue.

For example, Henry Paulson yesterday talked about the value of low rates. I certainly agree with his interest there. Marginal rates are particularly important. It was something Ronald Reagan recognized in 1986. Senators on our side of the aisle, including Bill Bradley, said exactly the same thing. We can get the rates down. We can ensure fairness for middle-class folks.

What we are going to need is leadership. We are going to need it in a hurry. Chairman GRASSLEY and Senator BAUCUS are going to do everything they can to find common ground on this issue. I am very pleased that Henry Paulson, who could certainly find other things to do in his life besides public service, is willing to step up and take on this effort. He will have to move very quickly to drive this tax reform debate. As I pledged to him in my private meeting and said again yesterday, I am interested in working with him and the administration in a bipartisan way. There is a lot of good faith and a lot of interest in this issue. It is a key consideration in how we are going to create high-skill, high-wage jobs for Americans in the future and enhance the quality of life for middle-class folks.

Henry Paulson is the right person at the right time. He is going to have a lot to do, and he is going to have to do it in a hurry. I intend to work with Chairman GRASSLEY and Senator BAUCUS to ensure we have an opportunity, on a bipartisan basis, to tackle these big economic issues in the right way. Right at the top is tax reform.

I urge colleagues today to indicate their strong support for Henry Paulson, head of the Treasury Department.

I yield the floor.

Mr. BAUCUS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOND. 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. BOND. Mr. President, I rise in support of the nomination of Henry M. Paulson to be Secretary of the Treasury. If confirmed by the Senate, he would be the Nation's 74th Secretary of the Treasury.

From what I know about him from reputation, from his work on Wall Street, and from what I have learned in my discussions with him, I believe Hank Paulson will bring a kind of strong leadership, unique expertise, and knowledge of global financial markets and will be fully capable of keeping our country competitive in a global economy.

Mr. Paulson is a strong choice for Treasury Secretary for many reasons. Most people know of his talents, the intimate knowledge he has of the financial markets, and his ability to handle crises. He is considered a hard worker who is dedicated to his job and who understands the importance of strong and capable management to run a large organization.

Today I spoke about the SWIFT program, the very important Treasury terrorism finance tracking measure that was regrettably blown by the newspapers last week. When I talked to him, he obviously did not know about it. I did not know it was going to become an item of news. But as he seeks to repair our relations with banks across the world, his experience in dealing with international financial matters will be a great benefit.

He has a string of very important challenges facing him. We have the deficit, which is running out of control by reason of unsustainable entitlement spending. The value of the dollar is falling. How much of a problem is that? How do we deal with it? There is a tax gap in the IRS of roughly 15 percent of the money that is owed or some \$345 billion that is not collected. He needs to work through the IRS to cure that. We have a Tax Code that is so complicated, even professional tax preparers disagree on what the implications of many normal transactions are. He will have to fight terrorism financing. He is going to have to confront the issues of dealing with rogue nations such as Iran, and others, through economic sanctions and getting others in the world community to join with him.

As of yesterday, as the chairman of the appropriations subcommittee that handles the Treasury, IRS, and other agencies, I have found that they have

water in their basement and they have extremely mundane problems like that, to the global issues that face any Treasury Secretary. I think even the media understands that this is a man who has experience and whose is held in high respect by major world financial leaders, as well as American financial leaders, and he will serve us well.

As chairman of the Transportation, Treasury, the Judiciary, HUD, and Related Agencies Appropriations Subcommittee, and as a member of the Senate Intelligence Committee, I look forward to working with Mr. Paulson in meeting these challenges.

Even though he is a sophisticated Wall Street financier, I was pleased to find out that he is basically a Midwest farm boy at heart. We had a very useful and productive discussion about growing native grasses such as big and little blue stem and Indian grass and how to burn them in the spring to make sure the crops come back without weeds or other non-natives. So he has a strong foot in reality, a Midwest farming background, but he also has a very strong background and expertise in financial matters, and he has respect on Wall Street.

I urge my colleagues to support the nomination of Hank Paulson. This is a time when we have many serious issues, and having him confirmed by this body will be a great asset to us in dealing with everything from international negotiations, terrorism financing, and the other significant economic challenges the world presents today.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, as we consider the nomination of Henry Paulson to be Secretary of the Treasury, I think it is important to bring a reality check to some of the claims about the current state of the economy—those claims made by the administration.

My colleague, Senator BENNETT, pointed out that yesterday we had a hearing in the Joint Economic Committee, and appearing as a witness was Edward Lazear, chairman of the Council of Economic Advisers. We had also two outside experts who were economists testifying on the state of the economy. Many of the Bush supporters are claiming that the economy is strong and everyone is benefiting, but I doubt that many working Americans would see it as strong as they do and see it as benefiting them as much as it is claimed by the administration.

It is true that the economy is experiencing a business cycle recovery after the 2001 recession and after going through the most prolonged job slump since the 1930s. The President pointed out that the economy has done better since 2003 than it did in 2001 and 2002, but they don't talk about how this recovery has not been particularly strong by the standards of previous recoveries.

This first chart shows the percentage change in payroll employment. The

curve here is the average of seven previous recession recovery cycles. If you look back, historically, it is a much more robust increase over time than this lower line, which is the March 2001 to May 2006 statistics, the recovery in the last several years. In fact, this recovery is much less than the recovery was after the 1990 recession. That recovery was called the "jobless recovery" because job generation was so slow.

So what you are seeing is that job losses continued for much longer in this period of time, 2001 to 2006, than had been typical. This recovery has been much weaker than those in the past. At this point in the recovery, from the 1990 to 1991 recession, the economy had created 5 million jobs.

That is this delta right here—5 million more jobs than have been created in this recovery. So the difference between job generation at the same point in March 2001 to 2006, and comparing it to the 1990s, is plus 5 million jobs.

This situation is similar with respect to business investment. It took much longer for the recovery to start with respect to business investment, and the level of investment lagged behind what has been typical in past recoveries. Each year of depressed investment means less capacity to produce goods and services in the future.

Defenders of the President's economic record cannot deny that workers' wages have not been keeping up with inflation. Part of that is a result of many factors but, one, looking back at the investment, it has been a relatively small recovery in terms of business investment. Here is the average of seven previous recoveries and here is the 1991 recovery business investment and here is the current recovery. It is not as robust as it has been in previous recoveries.

As I suggested a moment ago, there is another very palpable impact of this bad economic news, and that is that wages have not been keeping up with inflation. This will be, no doubt, no surprise to working families as they work to get their paychecks each week. Some have suggested that this is a result of the fact that wages are held down but benefits are growing, and that compensation is growing at historic rates. This is not the case.

This is a chart that shows productivity, the output per hour, and real compensation per hour. What you generally see is that productivity increases will be closely tracking compensation increases except over the last several years where productivity is going up at a significant pace, but real compensation, wages plus benefits, is lagging far behind. This is what the average American is confronting today when they are looking at increased gasoline prices, soaring health care prices, and they are not seeing either in their paycheck or, in many cases, even benefit packages the same kinds of increases that are so necessary to keep up with an increase in inflation.

Growth in compensation has lagged behind. Wages have grown more slowly than total compensation, but that is not because workers are negotiating better deals from their employers, it is because employers are facing higher costs for health insurance and are squeezing workers' wages as a result.

Increased health care prices, particularly in the area of small business, is causing many businesses to forego increases they would like to give to workers, in terms of wages, just to keep up with increased health care costs. This doesn't mean a better health care package for workers, and in some cases workers are being dropped, unfortunately, from health care protection because of the expense.

What we are seeing is that compensation is not keeping up with productivity and, typically, compensation does keep up with productivity. There is another issue, too, with respect to the situation for many American workers, and that is the fact that pension arrears have to be made up. Many companies now are putting money into pensions just to make them actuarially sound, where in the past they might have devoted that to wages. By and large, the situation, when it looks at the working men and women, is that we are not seeing the robust increases in wages or compensation that is important.

These points were made by one of the witnesses yesterday at the JEC hearing, chief economist of the Bank of America, Dr. Mickey Levy, who testified that:

Wage and compensation increases have been somewhat disappointing. Real wages have been suppressed by higher energy costs and have not kept pace with labor productivity gains. . . . Wages may be constrained by higher employer costs for workers' health care, along with the heightened international competition related to low cost production overseas. . . .

Wage and compensation increases have indeed been disappointing, especially for the majority of workers who are not getting them. Gains in average earnings or income do not tell the real story when they hide growing inequality. When you look at one level, you see increases, but when you look at how the increases are distributed across the working population, it is another story altogether.

The red bars on this chart show that workers in the middle and bottom have experienced a decline in real earnings, while those at the top have experienced gains. This is in sharp contrast to the experience of the time from 1995 to 2000. Here in blue, in the data for gains in terms of earnings, broken down by the lowest 10th percentile, 25th, median, 75th, and 90th, at the upper level in the 1990s you saw increases, but they were almost comparable at the very lowest level of income. You saw the proverbial picket fence, where there were positive gains at every percentile. What we are seeing today is quite the reverse of that—losses in real terms of earnings at the lowest levels through

the middle levels, and only at the upper income levels are you seeing real gains in earnings.

So the distribution of the economic progress that is being made over the last several years is not being shared fairly. Those at the upper income levels are seeing gains but, frankly, not the same robust gains of the nineties. At the bottom-income and middle-income level, there is a loss in real earnings.

That is not an example of an economy that is working for all Americans. That is an economy that is working for the very affluent Americans. The answer of the Bush administration to these economic trends is basically to ignore them, try to gloss over them or redefine them or explain them away. They proposed tax cuts, which will do very little to help this distribution of earnings. In fact, what it does, essentially, is protect more of the earnings at the upper income levels. If we continue along the present course, we will be undermining the economy's longrun capacity for growth and undermining future living standards.

Another aspect here, too, that is not dwelt upon by the administration is the fact that we are virtually zero in national savings. Without national savings, there is not the pool of investment capital necessary to provide for the new technology, new capital of the future. We are borrowing huge amounts of money overseas to fund our deficit. This is investments made in our country. But in terms of national savings of this country, it is close to zero. In some cases, it is negative.

These are the real problems that confront this country. These are the real questions that Mr. Paulson has to address. How do we create an economy that performs as well as it did in the 1990s, where earnings gains are shared virtually equally across the spectrum of income, where low-income Americans don't see a loss of earnings but actually a gain? How do we ensure that wages and compensation keep up with productivity gains? How do we ensure essentially and fundamentally that the working families in this country cannot only get by but get ahead? That is the question that Mr. Paulson has to answer as Secretary of the Treasury.

I think it begins with looking hard at the deficit and the policies of the administration with respect to taxes. I don't subscribe to the theory that our deficit is caused by runaway entitlement programs. We have an issue with entitlement programs, but we also have an issue with tax programs that take away revenue and are targeted to the wealthiest Americans. We have problems with expenditures that we cannot avoid with respect to supporting our forces in the field. We cannot stop providing equipment and materiel for our forces fighting the wars today, and we have to take care of them in the future. But there are significant issues with which we have to deal. I hope Mr. Paulson will be a

strong voice in this administration to look at the facts and propose realistic solutions that benefit not just the few who are wealthy but the vast majority of Americans.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank my colleague from Rhode Island. Senator JACK REED is our voice on the Joint Economic Committee. It is a committee that takes a look at the overall economy and reports to our caucus regularly. Senator REED has brought us economic indicators from time to time that give us at least some insight as to how we are doing in most general terms in America.

Everybody measures the economy by their own lives, their own family, maybe their own town, but when it comes to the appointment of a Secretary of the Treasury, we take a step back and look at the overall economy in America.

A good Secretary of the Treasury can make a big difference. When Bob Rubin became Secretary of the Treasury under President Bill Clinton, he faced enormous challenges with huge deficits as far as the eye could see and an economy moving ever so slowly. He put in place those policies on an economic, fiscal, and monetary basis that made a big difference.

Our Nation went from a deficit in our budget to a surplus. We actually put the indebtedness behind us for the first time in decades. The good news is we did it while the wealth of America was expanding dramatically. That period during the Clinton years saw people with their own savings accounts growing, more pension plans expanding, folks buying homes and starting businesses. It was a time of great economic expansion.

No one person deserves the credit or the blame for our economy, but Secretary of the Treasury Bob Rubin was the right person at the right time to speak sense to the President about what needed to be done to make America strong for years to come. I have the same confidence that Henry Paulson is going to do that as well, and we need him now more than ever.

I come to this with some prejudice because Mr. Paulson is a son of Illinois. He still calls Illinois his home. He spent his adult years—at least recently—commuting back and forth between Illinois and New York and places around the world in his capacity as an investment banker.

We had a terrific meeting in my office a week or two ago and talked about his life in Illinois, the experiences he had, about his family, and his commitment to our State. I readily concede I come to this nomination with some bias. But I think Mr. Henry Paulson is the right man for the job of Secretary of the Treasury at this moment in history.

He came up through the ranks of Goldman Sachs, starting in their Chi-

cago office many years ago and eventually becoming the CEO of that important investment bank. I don't think a person can rise to that high level without understanding how business works and how the economy works. Since even a corner grocer knows that an organization cannot run up endless debt forever without paying a stiff price, I think Mr. Paulson understands that as well. I think his business experience may help to start balancing the books in the Washington, DC, situation, which has been far from balanced for a long time. It is not a moment too soon for someone with Mr. Paulson's business background to tackle this challenge.

Consider these realities Mr. Paulson will face when he becomes Secretary of the Treasury:

This Bush-Cheney administration has accumulated more foreign-held debt in the past 6 years they have been in office than all of the 42 Presidents before President George W. Bush. In other words, our indebtedness to foreign governments, such as Japan, China, Korea, and the OPEC nations, that, in fact, bankroll the debt of America, hold America's mortgage, has grown in dramatic terms over the last 6 years.

That is not the policy President Bush inherited from the Clinton administration, which was generating a surplus. It is an approach he has taken which, sadly, has left us deeply in debt. The Bush administration came to office with a national debt of less than \$6 trillion—\$6 trillion—and in just a 6-year period of time, it is almost \$9 trillion, almost a 50-percent increase in America's mortgage, America's national debt in the short 6-year period of time.

During this period, all but for a few months, the President has had a Congress of his own political party. The Republicans have controlled the House and the Senate, and the President has yet to veto the first spending bill in the time he has served as President. Not once has he said "no" to a spending bill that has come from Congress, particularly from his Republican Congress, and in the meantime his tax policies and spending policies have driven us into the highest level of national debt in the history of the United States. Our indebtedness is held by mortgagors such as China and Japan who expect in return to have a piece of the American economy.

Secretary of Treasury Paulson will, I am sure, understand this, that as we become more indebted to these foreign nations, it is no wonder they take a claim on our economy. Why did we have to debate a Dubai Ports deal? Because Dubai happened to hold enough American dollars to have clout in our economy, and that is the reality.

As these foreign entities become more powerful in our economy, sucking good-paying jobs out of the United States, it is a serious challenge for any new Secretary of the Treasury.

The President has called for more tax cuts, which means deeper deficits,

more debt. It is estimated now that the indebtedness of the United States is a burden on every single man, woman, and child in America to the tune of \$30,000 and growing. So in addition to a home mortgage and a student loan, we are unfortunately the victims of policies in Washington that increase the indebtedness of future generations.

This has to stop. This is a disaster in the making. We have to balance the books and do it quickly. I hope Mr. Paulson has the vision and the strength to convey that message effectively within this administration.

I hope he will take a very close look at our trade policies as well. My colleague, Senator SCHUMER, will speak after I finish. He has been one of the leaders in the Senate talking about the inequities in our trade policy with China.

I believe globalization is as inevitable as gravity. We know we are in a shrinking planet. We do more business with one another than ever before. But when we enter into trade agreements with countries such as China, we say we are establishing rules of conduct, fair trade. Unfortunately, particularly in the case of China, many countries ignore those rules. They violate those rules.

The Secretary of the Treasury has to be a strong voice to stand up for the American economy, American businesses, and American workers to demand that the countries with which we trade play by the rules. I think free trade is good for the future of our world, certainly good for the future of America. We are a land of opportunity. We have risen to every challenge, but we need to be involved in a fair fight where both sides play by the rules.

The Bush administration has not fought hard enough for these trade agreements and understandings. When we create a trade agreement, we need to ensure that there are proper labor protections in place. We are about to consider a trade agreement with Oman, a very small country in the Middle East. There are good reasons for us to enter into that trade agreement. But when Members of the Senate suggested to the Bush administration that we put a prohibition in the trade agreement with Oman that they could not use slave labor—slave labor—to produce goods and services sold to the United States, the administration said: No, we are going to remove that, we don't think we should go that far.

Slave labor? We should have basic understandings of what the labor standards will be. We know many countries will underbid us when it comes to the cost of labor, but there ought to be fundamental standards.

The same is true when it comes to environmental protections. U.S. businesses operate under laws which restrict them in terms of their conduct, whether it is a burden or some sort of a problem with our environment, whether it is water pollution or air pollution or similar things. What we

should insist on for the good of this planet we call home is that the countries engaged in trade with the United States also have respect for the environment of the world. Whether it is global warming or toxic release, we are literally all in this together.

After we create these good trade agreements, the Secretary of the Treasury has to make sure there is proper enforcement so we don't just give our speeches on the Senate floor and then ignore the trade agreement afterward.

I hope Mr. Paulson will fight harder than his predecessors to promote trade that is aggressive and fair. I also hope he will push for a tougher and more proactive stance when it comes to China. I am sure my colleague will speak to that further.

He has traveled to China more than 70 times. He understands the importance of this critical relationship with this growing giant in the world economy. When we spoke in my office, I asked him specifically to deal with currency manipulation, intellectual property rights infringement, and trade violations.

He also has to be very strong when it comes to China's labor records and their record on the environment and human rights. While he did not have any specific suggestions—I didn't expect them—I believe he was responsive, he understands the challenge, and I think he can rise to that challenge. That is why I am supporting his nomination.

Finally, I hope Mr. Paulson's sensibility about the environment will become a source of real leadership in this administration. I know Mr. Paulson reiterated at his confirmation hearing that he is not running to be head of the EPA or Interior but Secretary of the Treasury. Still, Henry Paulson is a former chairman of the board of the Nature Conservancy. That is a group with which I have worked in Illinois that has great respect for our natural resources and has done a lot to reclaim them for future generations.

I hope he can push the Bush administration to take a forward look at the issue of global warming. This is an issue which is real, and this administration must start immediately working with Congress to move on international agreements that deal with global warming. Mr. Paulson's voice at the Cabinet table could make a difference, and I am hoping that his deeply held personal beliefs will lead him to be that voice.

I support the nomination of Hank Paulson to become Secretary of the Treasury. I think he will work as hard for farmers in the heartland as he does for bankers in New York. I look forward to working with him to strengthen America's economy and put the Federal Government's finances back in order.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. COBURN. Mr. President, I am going to take a few minutes. I am very happy with the support of the Senator from Illinois for the nomination of Mr. Paulson, but I challenge what was just said.

There is no question we have deficits. There is also no question that on 9/11, we experienced a great economic shock and we had a recession that was big. The tax cuts have led to the highest revenues this Federal Government has ever had.

On the spending side, I find it somewhat curious, the Senator from Illinois ranks No. 6 in the most spending voted for in the Senate last year. He ranks No. 8 in the cosponsorship of the most new spending outside the appropriations bills. You can't have it both ways. You can't complain that we are in deficits and we are in debt and never vote to lower the spending, never vote for amendments that trim wasteful spending, and then complain that somebody else made you do it.

If we look at the voting record on appropriations bills, there are not very many noes coming from that vote. The way we control spending—and we have proven it on our committee, the Federal management oversight committee—we identified over \$200 billion worth of waste. If we want to balance the budget, let's have everybody on both sides of the aisle voting to trim the waste, fraud, and abuse out of the Federal Government, rather than when we go to a conference or a meeting with the President when there is excess money and demanding more spending, not less.

The numbers are fairly revealing. Last year, Senator DURBIN sponsored \$93 billion in new spending—new spending, outside of what we did on appropriations. He put his name to spend \$93 billion, and he put his name to trim \$100 million. That is the problem we have. It is not taxes, it is wasteful spending and the idea that the only way we can accomplish something is to spend more money.

I am for the same priorities. We need to help the people who need help in this country. But we will never be able to afford it in the future without stealing from our kids if we don't do the hard work to get rid of the waste now, and that means voting against appropriations bills, not voting for them. The President signed what the Senator from Illinois voted for.

I thank the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I rise to speak in enthusiastic support of the nomination of Henry Hank Paulson to be the 74th Treasury Secretary.

I have known Hank Paulson for 15 years. I recommend him to my colleagues wholeheartedly and without reservation. He is one of those great New Yorkers who come from somewhere else—in this case, the heartland of America—come to our city and become part of its life and a vital part of

this country and actually this world's economy.

Mr. President, Hank is an extraordinary leader, a great financial thinker, a businessman, a father, and, as I said, an adopted son of New York. Hank has excelled in every area of life—from the classroom to the football field to the boardroom and everywhere in between.

One of the things I like best about Hank is he is a straight shooter. He gives you direct answers to direct questions. We sure need somebody like that now.

He graduated from Dartmouth in 1968 and received his MBA from Harvard. He worked at the Defense Department, the Nixon White House, and then found his true calling at Goldman Sachs where he worked for 32 years. He became chairman and chief executive officer of Goldman in 1999, and should he be confirmed, he will continue a long history, a great tradition of leaders from Goldman serving in the Government, including Bob Rubin, one of the great Treasury Secretaries, and Jon Corzine, our former colleague, now Governor of New Jersey, and John Whitehead, who served honorably and well as Deputy Secretary of State under Ronald Reagan.

But the issue Hank really goes off the charts about, I say to my colleagues—particularly my colleagues on this side of the aisle will be happy to know—is the environment. Sometimes he would call me up and I would be sure he was talking to me about swaps or banking or some esoteric financial issue, and he would be talking to me about an environmental policy. I don't think he ever gets more enthusiastic than when he is talking about some rare bird that he saw on one of his bird-watching jaunts. He is an avid environmentalist and lover of all things in nature. I hope a few of my colleagues on the other side of the aisle will not hold that against him.

He is also one of those unique, good people who could fill any number of Cabinet posts. For instance, given his environmental proclivities, he would be a great Secretary of the Interior. But financial issues and the health of the global economy are his passions, that is mostly where he is needed, and I am glad the President has nominated him for this post.

In the world of finance and international markets, there is simply no equal to Hank. At this critical point in our economy's history, we need Hank's expertise and experience to lead the way.

The bottom line, Mr. President—you know it because we traveled to China together—we are at an amazing time economically. The world economy is becoming integrated, closer and closer every year. There is almost a one world labor market. Capital flows freely to every corner of the world. These circumstances present tremendous challenges for our Nation, in our desire to remain the world's economic leader,

and for the world as we try to integrate this system. One of the great challenges we face is we are converging into one economic system, but we don't have one political system, and the bumps and grinds which that causes are large.

So we need someone who understands markets. We need someone who has great experience traveling the world and knowing how the rest of the world's economic system works. Hank Paulson has all of those qualities. I am particularly glad that he knows a whole lot about China—I think he has been there over 70 times—because I believe the most important bilateral economic relationship in the next decade or two will be the American-Chinese relationship. Hank has the ability to understand the economies of both countries and figure out how we can work together.

I have been very concerned about China playing by the rules. I have been very concerned that China doesn't simply seek the advantages of free trade but not the responsibilities. I have related these concerns to Hank Paulson.

On currency, Senator GRAHAM and I have worked closely with his predecessor, and you, Mr. President, have been involved in those issues as well as we traveled to China together. And we have worked to push and prod China to allow its currency to float based on international market forces. We have made some progress, but the progress since July has been too little, particularly in light of the fact that the Chinese assured us they know they have to get to a place where their currency floats.

Hank's extensive experience in China, his personal relationships with both the Government and business side—where, incidentally, there is quite a dichotomy. Most of the businesspeople and people even on the economic side of Government understand the need for free markets. That is in China's interests—not just America's—that China open up its markets. But a lot of people on the Government side are afraid of that. They don't like change. They don't like giving up control.

I think Hank Paulson is the right man at the right place at the right time to tackle the issue of persuading China to open up its markets more quickly. I believe that he is going to be able to show the Chinese that it is not only in our interest but in their interest as well to allow the yuan to float freely and to open up China's vast economic markets to American financial firms.

On financial services liberalization, I know Hank will work closely with Ambassador Schwab, who was just confirmed, to make sure that China lives up to its WTO commitments. This is going to be very important in the next few months because on December 11 of this year, many of the current restrictions faced by American financial firms that want to do business in

China, such as purchase Chinese companies or open up branches in China, will be lifted. Hank is the perfect person to monitor China's progress and, more importantly, to prod the Chinese to go further than they have already promised.

In short, Mr. President, Henry Paulson is a thoughtful, dedicated, and renowned financial leader. I think this country will greatly benefit from his leadership. I am not at all shy about criticizing the President's nominees when I don't think they measure up to the job. I have done that in the judicial area repeatedly. But when the President nominates a sterling person, that person deserves praise and credit and, in my judgment, unanimous support in this body, and I believe that Hank Paulson is such a person.

I will be proud to vote aye when his name is offered on this floor in a few hours.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. THOMAS. Mr. President, I wish to address the nomination of Henry Paulson to be Secretary of the Treasury. I believe there is no question that Mr. Paulson is more than qualified to be Secretary of the Treasury, and it is to his credit that he is willing to give up the helm of Goldman-Sachs to serve his country in such a significant way. I am pleased that we have a nominee of this caliber.

However, I have raised concerns stemming from Mr. Paulson's well-known personal views on conservation and affiliations with groups such as the Nature Conservancy. Representing a State where about half of the land is already federally owned, and much more is otherwise federally restricted as to use, private property rights a very big concern. Similarly, our vast energy resources in the State of Wyoming are essential to our country's national energy policy, and we struggle to maintain a balance between development of those resources and the quality of life we enjoy in Wyoming.

I submitted several written questions to Mr. Paulson after our Committee on Finance hearing, and we have had good follow-up discussion on these issues. He has assured me that he is a strong advocate for personal property rights and has committed to working with me and the Senate to pursue a sensible policy.

I am pleased to be able to lend my support to Mr. Paulson, and I look forward to working with him.

Mr. DOMENICI. Mr. President, I rise today to express my support for the nomination of Henry M. Paulson, Jr., to be Secretary of the Department of the Treasury. Mr. President, American

economy has changed dramatically in the past decade. International economic policy now has a direct effect on our domestic economy. The information age has transformed America's economic future. This new economy requires a new kind of Treasury Secretary. It requires someone who is experienced and knowledgeable in both the domestic and the international marketplace. It requires someone who has demonstrated exemplary leadership in both government and private enterprise. Henry Paulson will bring these vital skills to the Department of Treasury.

Mr. Paulson's outstanding career in both the public and private sectors has clearly demonstrated his ability to serve as our Nation's next Treasury Secretary. Prior to joining The Goldman Sachs Group Inc., Mr. Paulson served the public as White House domestic Council staff assistant to the President from 1972 to 1973 and as staff assistant to the Assistant Secretary of Defense at the Pentagon from 1970 to 1974. In 1974, Henry Paulson decided to enter the private sector. He joined The Goldman Sachs Group, Inc., in Chicago. Mr. Paulson worked his way up through the ranks of Goldman Sachs and is currently serving as chairman and chief executive officer. Clearly, Henry Paulson has had a very distinguished 32 year career in the private business sector.

Our Nation will be fortunate to have a Treasury Secretary with such broad and varied expertise, and these experiences will prove vital in leading a progressively diverse economy. I believe Henry Paulson will be an exemplary Treasury Secretary. He has already spoken of his keen appreciation for the role capital markets play in driving growth and efficiency, the globalization of finance and interdependence of major world economies, and ensuring that America's industries can compete in the new global economy. I am confident Henry Paulson will seek to strengthen and advance the competitive edge of our economy. I am certain his experience and leadership will be great assets in achieving these important goals.

Mr. President, it is my great honor to support Henry Paulson to head the Department of the Treasury.

Mr. HATCH. Mr. President, I wish to express my support for the nomination of Henry Paulson for Treasury Secretary. I believe we are quite fortunate to have someone of Mr. Paulson's caliber nominated to this vitally important position. Mr. Paulson has quite ably served in Government before in several positions before embarking on his impressive career on Wall Street, which culminated in his becoming CEO and chairman of Goldman Sachs. I am hard-pressed to think of many others in this country who might be more qualified for this position than Mr. Paulson.

Henry Paulson is joining the Bush administration at a very important

time. Our Federal Government is in a precarious position as it stares down the abyss of ever-increasing entitlement obligations that threaten to swallow more and more Government revenue and, along with it, other vitally needed programs. As our Nation's baby boomers enter their retirement years, we will have fewer people working per retiree to support them while the cost of providing them benefits inexorably increases. It is a trend that cannot continue without bankrupting the country. Despite the highly partisan environment in which we find ourselves, it is at precisely this moment in history when our economy is strong and Government revenues are increasing sharply that we need strong leadership both from Congress and the administration. I believe that strong leadership and some bipartisan cooperation we will be able to successfully address these growing problems and come up with a lasting solution.

Now is also a propitious time to consider how to address the difficult problems facing our tax system. We need an Internal Revenue Code that is simpler, that promotes savings and economic growth, and that allows American businesses to compete fairly in the global marketplace. The Tax Code should serve the interests of the many, not the few, and one that is worthy of this great Nation.

Mr. Paulson is uniquely qualified to address the issues facing our country today. I view the expediency by which we have acted on his nomination as a confirmation both of Mr. Paulson's fitness for the job as well as of the importance of the position of Treasury Secretary. I urge my colleagues to vote to confirm him as our next Treasury Secretary.

Mr. REID. Mr. President, I rise in support of the nomination of Henry Paulson to be the next Secretary of the Treasury. I had the pleasure of meeting with Mr. Paulson, and we talked about a range of issues.

I was most impressed with his commitment to protecting our environment and his record as a conservationist. I believe this administration needs someone committed to protecting our natural resources—even if he is at Treasury.

I found Mr. Paulson to be an engaging and thoughtful person. These are qualities we need in our next Secretary of the Treasury, because he will have his work cut out for him. He faces an impending crisis not of his making, and for which courage and persistence will be needed to even begin the process of righting the ship.

From the kitchen table to the national debt trade imbalance, our economy continues to move in the wrong direction. The middle-class is being squeezed like never before. Under the policies of this administration, families are forced to work harder and harder to make ends meet.

In Nevada, families, farmers, and businesses are on track to pay approxi-

mately \$3 billion for gasoline this year. That is over \$1.5 billion more than was spent in our State in 2001. The cost of college tuition in Nevada has increased 2 percent, while Federal student aid has failed to keep pace.

But this is not just a Nevada story. It is an American story. Nationwide, since President Bush took office, energy prices have increased nearly 100 percent, health premiums have increased by 71 percent, college tuition has increased nearly 60 percent, and the price of housing has risen dramatically, all while wages have been stagnant despite growing productivity.

Instead of focusing on the needs of middle-class families, the Bush administration has ignored their problems. The President argues that the economy is doing great—he thinks middle-class families are in fine shape. Meanwhile, he is pursuing policies that would only make matters worse.

The twin trade and budget deficits accumulated under President Bush have put the United States in a precarious situation. To fund our record trade deficits—which have more than doubled under President Bush—we have had to sell U.S. assets to foreigners. In 2005 alone, the United States sold to foreign governments and investors a portion of the U.S. economy that was larger than the combined economies of Nevada, Arizona, Ohio, Montana, Rhode Island, Wyoming, and North Dakota. Take a moment to absorb that fact.

And, the problem is just getting worse. If current trends continue, in 20 years, we will have sold the entire wealth of America to foreign countries and foreign investors. It turns out that when President Bush talks about an "ownership society" he means that under his policies, all of our assets will eventually be owned by foreigners.

Our trade deficit has been driven in part by unfair practices overseas, like currency manipulation in China. A number of people have raised concerns about Mr. Paulson's extensive ties to China while working for Goldman Sachs. I hope that those ties will give him the credibility and the negotiating toughness to make much needed progress with the Chinese Government. The Bush administration has talked a good game on getting China to end its unfair currency manipulation, but it has not delivered. To date, the Bush administration's policy has been rhetoric, not action, and on occasion, its excuses for its failures have sounded like the administration was an apologist for China's practice of currency manipulation. Mr. Paulson has to finally get this problem under control.

Mr. Paulson will also need to address the enormous Federal budget deficits and the growing Federal debt. The Bush administration turned a record surplus generated during the Clinton administration into a string of record deficits. President Bush inherited a unified budget surplus of \$236 billion from President Clinton, the largest

surplus in American history. Budget surpluses were expected to continue for another 10 years when President Bush took office in January 2001.

By 2002, however, President Bush's policies had helped return the unified Federal budget to a deficit of \$158 billion. The budget deficit has since reached historic highs. This year, the budget deficit is expected to exceed \$300 billion. Of course, after this President's fiscal nightmare, that is not even a record. President Bush owns them all—\$412 billion in 2004, \$378 billion in 2003 and \$319 billion in 2005.

Our fiscal problems will only grow worse in coming years as the baby boom generation retires.

In the last 5 years, the gross Federal debt has grown by almost \$3 trillion. And it will exceed \$11.8 trillion by 2011 if we don't do something to change course. And more and more of that debt is owed to people outside the United States. The United States has had to borrow more money from overseas during President Bush's 5 years in office than we borrowed during all previous Presidents combined. By contrast, during the last 3 years of the Clinton administration, the United States paid off more than \$200 billion in debt to foreigners.

History is clear that these rising Federal budget deficits will ultimately cause long-term interest rates to increase. These costs are a hidden tax and will appear in the form of higher interest rates on home mortgages, auto loans, credit cards, and other types of consumer debt. As Mr. Paulson stated in his confirmation hearing, the longer we wait to deal with these fiscal challenges, the more expensive it will be to solve them. At the end of the day, it is hard-working families and our grandchildren who will pay the price for the Republicans' fiscal recklessness.

Unfortunately, the majority's fiscal policy, like its policy in Iraq, is more of the same—more of the same tax breaks targeted at multimillionaires, more of the same huge deficits, more of the same rising debt.

We can't just go on this way, placing greater and greater burdens on our children and grandchildren. I hope that the new Secretary of the Treasury will be aggressive in forcing the administration to confront these pressing economic challenges head on, because more of the same just won't cut it.

We need a new direction.

Mr. FRIST. Mr. President, it is my great pleasure to come to the Chamber to express my strong support for the nomination of my good friend, Hank Paulson, someone I admire tremendously, to lead the Department of Treasury. He is an outstanding choice to be the Nation's top economic policy official.

With 32 years of experience in finance, the last 8 of which he has served as president and CEO of Goldman Sachs, which, as we all know, is one of the Nation's largest financial institutions in the world, Hank Paulson is

eminently qualified to craft and carry out the President's economic policies. Former Treasury Secretary Bob Rubin, who was also Hank's boss at Goldman Sachs, agrees that he is "smart, he's bright, he's thoughtful, and he's intense. He's a very good choice."

Hank will lead with drive, with passion, and a deep understanding of how Government policies affect the capital markets throughout the world as well as America's economic growth. With his detailed and intimate knowledge of global finance and his ability to thrive under pressure, America's economic leadership will be in very capable hands.

Hank Paulson is extraordinarily talented, smart, and hard working. He also happens to be a man of sterling character. Known for his candor and his down-to-earth demeanor, Senator SCHUMER calls Hank a "straight shooter." He has led a life of impeccable integrity.

He grew up on a farm in Illinois. His high marks led him to Dartmouth, where he became a member of Phi Beta Kappa and a football star. He was named All Ivy, All East, and earned an honorable-mention All American. After earning an MBA from Harvard Business School, Hank went into public service as a staff assistant to the Secretary of Defense. In 1974, he joined the Chicago office of Goldman Sachs, where over the next three decades he rose to president and CEO.

Hank understands the macropicture, the global picture, as well as the micropicture, the more intimate, more defined microlevel. He understands the concerns of America's hard-working families and how big decisions here in Washington affect individual lives in a very personal way and in intimate ways and affect those individual opportunities.

He inherits a thriving economy—as cited again and again, a 5.3-percent gross domestic product growth in the first quarter, unemployment at historic lows, 5.3 million new jobs after 33 consecutive months of job gains, and home ownership at historic highs.

He understands that Americans are feeling those challenges in their everyday lives, those challenges of high gas prices, of escalating costs that seem to be skyrocketing out of the average person's reach.

He shares the Republican Party's conviction that we need to continue those progrowth, low-tax policies in order to continue to create jobs and to foster more innovation.

I am confident that under his leadership, America will continue to grow, to thrive, and expand. I look forward to voting to confirm Hank Paulson in a few moments as Secretary of the Treasury and to working with him to keep America moving forward.

At this time, I know of no others who desire to speak on the Paulson nomination, and I urge the Senate to vote.

The PRESIDING OFFICER. If there is no further debate, the question is,

Will the Senate advise and consent to the nomination of Henry M. Paulson, Jr., of New York, to be Secretary of the Treasury?

The nomination was confirmed.

Mr. FRIST. Mr. President, as our colleagues know, there will be no further votes today and no rollcall votes today. We will be in session a bit longer as we finish the business over the course of the next little bit. When I close, I will have more to say about the schedule for tomorrow and Friday as well.

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 dispensed with.

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

Mr. FRIST. Mr. President, I ask unanimous consent that the President be immediately notified of the Senate's action.

LEGISLATIVE SESSION

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate resume legislative session.

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

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that there now be a period of morning business, with Senators permitted to speak for up to 10 minutes each.

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

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

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

OBJECTION TO PROCEEDING TO THE TELECOMMUNICATIONS BILL

Mr. WYDEN. Mr. President, the major telecommunications legislation reported today by the Senate Commerce Committee is badly flawed. The bill makes a number of major changes in the country's telecommunications law, but there is one provision that is nothing more than a license to discriminate. Without a clear policy preserving the neutrality of the Internet and without tough sanctions against those who would discriminate, the Internet will be forever changed for the worse.

This one provision threatens to divide the Internet into technology haves and have-nots. This one provision concentrates even more power in the