those cuts will be paid for by students and their families. Those cuts will not go for balancing the budget either; they are going to go for tax cuts for those who need them the least.

Tuition and fees increased this year by 7.1 percent for 4-year public universities and 5.9 percent for private universities. Not only is cutting student aid the wrong priority for our country today, but it will cost our Nation dearly in the long term.

Today only one-third of the U.S. workforce has a postsecondary education, and it is estimated that 60 percent of the new jobs in the 21st century will require college education. Workers who have attended college have higher incomes and lower rates of unemployment than those who do not. And those with a college education are more likely to have jobs with benefits, such as 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 plan.

I want to talk about veterans funding because with so many of our brave men and women fighting for us overseas, I believe our most fundamental priority has to be to take care of those who sacrificed so much for all of us.

I have said time and again that actions speak louder than words, but it was, nevertheless, very troubling to me when President Bush failed to even mention our veterans in the State of the Union Address. I hope he will not forget them in the budget process.

I am concerned that the President's fiscal year 2007 budget that was just sent to us is not based on real numbers and does not reflect the real demand for VA services. I am convinced that without real budgets based on real numbers, the VA is going to face a shortfall again this year and more veterans are going to be denied the care they have earned.

The rising utilization rates, increasing costs of medical care, and the influx of veterans from Afghanistan and Iraq are going to require more VA funding.

In addition, the new Medicare prescription drug program has added more demands on the VA. Many seniors who are veterans are now being told they should go to the VA for their prescription drugs. Surely, this influx of new VA patients will have a major impact on the VA system and will inevitably delay access for veterans.

Finally, much of the increased demand on the VA system is due to the nationwide health care crisis. As veterans lose their health care coverage from their own employers, they are coming by the thousands to the VA to get care for the first time. The longer the health care crisis continues to grow, the more the demands will be on the VA to take care of the veterans population.

As my colleagues will remember, last year I was told the VA didn't need any more funding. The administration told me everything was fine and that they could handle the demands brought about by the Iraq war. I tried time and again to increase funding for the VA to maintain veterans' access to the health care they were told they would get, and I was fought at every level. Then finally in June, Secretary Nicholson announced the VA was, indeed, facing a $1 billion shortfall in fiscal year 2005 and that the VA miscalculated demands in the VA by over $3 billion between fiscal year 2005 and 2006.

In June, when I asked whether the administration had adequately planned for the impact of the war, I was told the VA underestimated the number of Iraq war veterans by over 300 percent.

I finally was able to work with my colleagues to attach $1.5 billion in emergency funding for the VA on the fiscal year 2006 Interior appropriations bill and another $1.2 billion in the fiscal year 2006 military construction bill to finally cover this shortfall.

Since the war in Iraq began, there have been 2,245 casualties and 16,548 wounded soldiers, sailors, airmen, and marines. Our men and women in uniform—past, present, and future—will time and again answer the call to duty, and at the very least they deserve a budget that fulfills our commitment to them and to their families.

I look forward to debating the President's budget this week. I truly believe it is one of the most important actions that we take every year because it sets the tone for everything else we do.

Tuesday night last week the President told Congress and all Americans that:

> In this decisive year, you and I will make choices that determine both the future and the character of our country.

I couldn't agree with him more. Our future and our character are at stake. A budget reflects our priorities and our values. Let's make sure our budget for the coming year reflects the best of both, and let's remember that the decisions we make now will tie our hands months from now.

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

The PRESIDING OFFICER (Mr. GRAHAM). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

## PROGRESS OF THE ECONOMY

Mr. COLEMAN. Mr. President, I wish to spend a little time today talking about the economy. When I was mayor of St. Paul, people would say: Mayor, what are you doing for kids? My response would be: The best thing I can do for kids is make sure mom and dad have a job. The best welfare program is a job. The best housing program is a job. Access to health care most often comes through a job. So that was always my goal—jobs, jobs, jobs.

I want to talk about the economy, but I want to touch briefly on the budget. The President submitted his budget. There will be a lot of debate. It is the beginning of a conversation. The President submits a budget and then we take a look at that budget and we weigh a number of options and ultimately it concludes. It is the beginning of a conversation.

One of the things I find somewhat frustrating is that my colleagues on the other side of the aisle talk about the deficit. We are all concerned about the deficit. We do not want to pass on debt to our kids. We don't want to put obligations on them from what we do today. We need to be more responsible. So we hear concern about the deficit, about which we are all concerned. Then anytime the President says we have to keep a lid on spending, our friends on the other side of the aisle complain that we are cutting too much. You cannot be so passionate about the deficit if you are not willing to do something about it. It is not enough to complain. It is not enough just to be against.

What the President has done is say: OK, we are going to cut the deficit in half by 2009. We are going to have to make some tough choices. We will have to make some very tough choices. But the answer is not simply raising taxes. The answer is not more spending. We are going to have to do the hard act of governing. It is not enough just to complain. It is not enough to say what you are against. What is your alternative? What are you for?

The President has laid on the table a budget with the hope of continuing progrowth policies, restraining spending, cutting the deficit and, perhaps most importantly, dealing with the long-term danger, the challenges we face with close to 70 percent of our budget going to things that are mandated. So we have to look at Social Security and Medicaid, and we have to do the right thing—do the right thing for our seniors, do the right thing for those in need. We have to have the courage to look at those things and act. You can't just complain. You can't keep complaining about the deficit and every time there is an opportunity to put a lid on spending you are against that. It doesn't make sense. It doesn't add up.

I wish to talk a little about where we are today and what has happened with what we have done in the past. We passed some tax relief. Mr. President, you and I together had the opportunity to be here during consideration of a number of proposals which have actually cut taxes. What has been the result? Let us look a little bit at the numbers.

The President's tax relief has produced more than 4.7 million new jobs since November 2003 when he signed the legislation accelerating broad-based income tax reductions and provided capital gains and income tax relief. Today the unemployment rate is

4.7 percent, lower than the average of the last three decades, and the lowest in 4 years.

Home ownership has reached an all-time high. This economic growth would not be possible without the President's tax relief. Recall when we had the tech bubble burst during the last administration—a bubble that should never have been allowed to inflate so high. We had corporate scandals that were nonpartisan but certainly were encouraged by the get-rich-quick ethic of the 1990s. We had the attack of September 11, and now we have the daily war on terror. The President's tax relief, which was fully implemented in 2003, has been critical in helping the economy recover from the recession and the terrorist attacks of 2001. Things such as small business expensing, capital gains tax relief, bonus depreciation—all helped to get this economy back on its feet and helped the economy continue expanding, despite the hurricanes and high prices of 2005.

So on September 11, 2001, we faced a recession. We faced the end of the tech bubble. We faced hurricanes and high energy prices. With the tax relief provisions fully implemented in 2003, tax receipts also responded accordingly. In fact, receipts jumped by a remarkable $274 billion or 14.5 percent, the largest increase in the last 24 years.

These recent gains in receipts confirm that a strong economy is the most important factor in reducing the deficit. You want to reduce the deficit? Grow the economy. Keep a lid on spending and grow the economy but don't advocate more spending and higher taxes. That is not a way in which you grow an economy. If you compare the economy with the same point in previous business cycles, in many respects the current expansion is even stronger than the growth of the early and mid-1990s. We look back to the mid-1990s, the Clinton years, as the halcyon days of the economy. Boy, things were great 10 years ago. Let me run some comparisons.

For example, in April 1995 the unemployment rate was 5.8 percent. Today it is 4.7 percent. The African-American unemployment rate was 10.7 percent. Today it is 8.9 percent. This is a key figure: Productivity growth in 2005, the key to raising our standard of living, is at 3.1 percent compared to 0.3 percent in 1995—10 times today the productivity increase than it was in the halcyon days, the glory days of the nineties. Economic growth averaged 3.5 percent in 2005, while in 1995 it was 2.5 percent. If that picture had been drawn for us 5 years ago, how many would have predicted the economy would be in as good shape as it is today?

The reason is sound monetary policy and tax relief that were well timed and sized to stimulate the economy when it needed it the most. Unfortunately, in a scene reminiscent of the movie ''Groundhog Day,'' many on the other side are arguing that we should let this tax relief expire. In other words, we should raise taxes. If you let tax relief expire, you are saying we should raise taxes. This is the wrong prescription for the American people and for the fiscal purse. We are not an undertaxed society. By rejecting tax increases on family and small businesses, we will help keep the economy on a continuing course of job creation and strengthen the foundation for long-term economic growth.

For example, a closer look shows that the capital gains and dividends tax relief packages actually paid for themselves. The latest statistics on capital gains tax collections were recently released by the nonpartisan Congressional Budget Office, and receipts are not way down but receipts are way up—by 45 percent, by the way, to be exact. Recall, one of the things Congress did was to reduce the tax on capital gains from 20 percent to 15 percent. Opponents predicted, as ever, that this would reduce revenue. In other words, since we have lowered the percentage of taxes we are getting on capital gains from 20 to 15 percent, the opponents say you will not bring in as much money; you lower the tax we are taking.

It is not even close. The 25-percent reduction actually triggered a doubling of capital gains revenues to over a half billion dollars in 2005 to $269 billion in 2002. In addition, a new report from the American Shareholders Association finds that actual capital gains revenues were $62 billion higher than what was predicted over the 3-year period—$62 billion higher. While this may seem counterintuitive to some, it makes perfect sense to me and confirms that capital gains tax relief increased economic activity, leading to more revenue for the Treasury.

When I was mayor of St. Paul I didn't raise taxes in 8 years, and we grew the economy and grew jobs because it was a better place to do business and more moms and dads were working and putting money in their pockets and food on the table and taking care of their families.

What we have here is Punxsutawney Phil coming again. My friends on the other side of the aisle again argue that only the rich benefit from this relief. This ignores the fact that capital gains and dividend relief has played an essential role in creating over 4 million new jobs over the past couple of years, in 32 straight months of positive economic growth. Taxes on dividends and capital gains are impediments to capital formation. If you tax too much, you impede capital formation. You have less money going into the economy to grow jobs. They impede entrepreneurial activity, the wellspring of economic growth and wealth creation. Americans across all levels of household income have benefited from these lower rates.

Nearly 60 percent of those paying capital gains earn less than $50,000 a year, and 85 percent of all capital gains taxpayers earn less than $100,000 a year, according to the Joint Economic Committee.

I know many express concerns regarding the budget deficit. There is no doubt that Congress needs to do all it can to responsibly control the rate at which we spend on mandatory programs—on which we spend on programs. But some advocate that raising taxes is the key to opening the door to fiscal discipline. I am afraid instead of opening the door to prosperity, higher taxes will shut the door on innovation, entrepreneurship, and greater economic growth.

I recognize the uneasiness and uncertainty in America today regarding our economic future. But if one looks at the data, it is clear that the economy remains solid. Productivity is strong, employment growth remains robust. Both retail sales and the housing market remain on a path of remarkable growth. The American economy is highly flexible, and thanks to that we have been able to absorb natural disasters and high energy costs that would have easily thrown the economies of other nations into economic recession.

To ensure the economy's continued momentum, we must make the President's tax relief permanent or else small businesses, teachers, college students, and hard-working moms and dads will see their taxes go up.

Yet tax policy is not the only key to economic growth. As I said before, we face challenges. I know my neighbors and folks in my community in Minnesota are worried about what is happening in India and China. They are worried about the prospect of losing their jobs. Certainly, Mr. President, you are very sensitive to what is happening to the global economy and the impact it has on the good people of South Carolina.

We have to understand that we are not going to win the low-wage jobs.

There is a recent study by the National Science Foundation entitled ''Rising Above the Gathering Storm.'' The President did not mention it directly in his State of the Union, but he is recognizing that we produced 70,000 engineers last year. China produced 600,000; India produced 350,000.

For the cost of one engineer or one chemist in the United States, a company can hire five chemists in China or 11 engineers in India.

Of 120 chemical plants being built around the world with price tags of $1 billion or more, one is in the United States and 50 are in China.

I could go on and on and on. We face some challenges out there.

We rank 17th in the proportion of college-age kids earning science and engineering degrees, down from third place a couple of decades ago.

We are making progress. The President is setting the pace. We have bipartisan legislation that follows up on that.

There are a number of things we need to do. In addition to that, we need to reduce our dependence on foreign oil. We need to reform our legal system, including completing our work on the asbestos bill that is before the Senate.

We need to continue to work toward opening foreign markets to American goods and services. What we do not need to do is to apply the brakes on the economy by raising taxes on hard-working moms and dads, small businesses, college students, and teachers across the country. That is not the prescription for continued economic growth. I have said this many times, but the fact is by cutting taxes you grow jobs. We have been through a recession, national emergency, corporate scandals, and a war. Yet because the President has stepped forward with an economic plan based on the common-sense belief that we should put money back into the pockets of ordinary Americans, the economy is going strong. By providing businesses with incentives such as bonus depreciation and expensing, they will be able to reinvest in their operation, purchase more goods, and hire more employees. That translates into jobs, economic growth, and opportunity for all Americans.

Given the good news on the economy, even the most persistent critic must concede that the President's economic program boosted the economy's performance and played a crucial role in helping the economy to rebound from the recession that began during the final months of the Clinton Presidency.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

## ASBESTOS

Mr. KYL. Mr. President, when the Judiciary committee reported an asbestos-trust fund bill in 2003, I proposed three criteria for evaluating such a bill: the trust fund must be fair to people with asbestos injuries; its cost must be reasonable; and it must provide a permanent solution to the asbestos-litigation crisis. Last year, I voted to report this bill out of committee because I believe that the bill does meet or has the potential to meet each of these criteria. I also voted for the bill in no small part out of appreciation for the chairman's extensive efforts to address my concerns about the bill. I particularly appreciate his assistance in adding to the bill a gatekeeper mechanism for certifying exigent claims seeking an early settlement. Any start-up provision that threatens to prematurely return the trust fund to court is bad for victims, bad for participant businesses, and bad for the U.S. Government. Once this fund is started, it need to work—we cannot shift victims back and forth between the tort system and the fund, especially those victims with malignant conditions, who likely do not have long to live.

The need for this bill is obvious. Current asbestos litigation practices have been accurately described by Professor Lester Brickman as a ''massively fraudulent enterprise fit to take its place among the pantheon of American scandals.'' Typically, trial lawyers consolidate thousands of claims and file them against a series of defendants. These claims are generated by mass-screening recruitment companies that ignore all scientific standards for identifying asbestos disease and employ corrupt physicians who will say that anyone has asbestosis if the fee is right.

In the perverse rules, plaintiffs' lawyers have a de facto veto over confirming the bankruptcy trust and can thus dictate its terms.

The results are predictable: even for asbestos bankruptcy trusts amounting to billions of dollars, the plaintiffs' lawyers take 40 percent off the top. These recoveries inevitably compensate lawyers in an amount several orders of magnitude greater than anything resembling a reasonable hourly rate. And all for bringing claims that no honest doctor would ever describe as legitimate cases of asbestos injury. It is easy to see where a well-crafted trust fund could improve on this system—how it could cut our the trial lawyer middle man and preserve recoveries for actual victims of asbestos disease.

Nevertheless, when I voted for this bill in the committee, I expressed reservations about the final product. One concern about this bill looms above all others, and it directly threatens all three of the above-stated criteria for evaluating the bill: solvency. I remain deeply concerned that this fund will run out of money and prove unable to pay all qualifying claimants. Allow me to explain why I am concerned about the fund's finances.

Here are a couple of reasons why. First, look to the bankruptcy trust funds previously existing and that have existed in the past. What has our experience been? Not very good.

In written questions to Dr. Francine Rabinovitz, who has been retained by trust fund bankers to estimate future claims under the fund, I asked her about the experience under the asbestos bankruptcy funds. Those funds are about the closest analog to what we are doing here—no-fault funds that compensate all claimants who meet particular exposure and medical criteria. Indeed, the criteria for this fund explicitly are borrowed from the latest version of the Johns Manville bankruptcy fund, which is part of her study. I appreciate her candor. Here is what she had to say:

> To my knowledge, none of the bankruptcy trusts created prior to 2002 have been able to pay over the life anywhere close to 50 percent of the liquidated value of qualifying claims. Of the current generation of bankruptcy trusts, the expected payout of those trusts, to my knowledge, ranges from a low of 5 percent (Manville) to a high of 31.7 percent (Western McArthur). The only current operating Trust to pay 100 percent of its scheduled values in the Mid-Valley Trust. These percentages are sensitive, of course, to the eligibility criteria the trusts apply. Under its original eligibility criteria, Manville was forced to drop its initial 100 percent payout first to 10 percent and then 5 percent of liquidated value. There will be a reevaluation of Manville's ability to pay a higher percentage in the near future by virtue of the impact of its recently imposed more stringent eligibility criteria.

These figures should disturb us all.

We are legislating a $140 billion trust—one that must work, because the costs of failure would be catastrophic. And yet the model for this fund is one that has failed every time that it has been tried. The miserable performance of the bankruptcy trusts should, at the very least, make us very cautious in proceeding down the same no-fault trust-fund path. While I recognize that this Fund is not exactly like the bankruptcy trusts—that it is designed better in some ways—in other ways the compensation criteria employed by this Fund are a change for the worse.

Another example that ought to give us some pause is the black lung fund, which is designed to compensate miners with CWP, a coal-mining-induced lung disease. That fund is now $8.7 billion in debt. It is now finally bringing in enough revenue to pay current claimants, but it is unable to service its debt. Each year's interest is simply added to the total debt. This is no way to run a trust fund.

It is telling to read the story of the black lung fund and hear why it has become so overburdened. The narrative should sound familiar to anyone who has closely followed the committee proceedings for the asbestos fund. There is a June 12, 2002 report from the Congressional Research Service. I wanted to quote from part of it, but the bottom line is that the crafters of the black lung fund ignored medical science when they set up the fund's compensation criteria. As is predictable for Congress, criteria were developed in the spirit of political compromise rather than under the guidance of hard science. The results have been very unfavorable.

The report basically said:

> Virtually all of the expectations for the Black Lung Benefits Act when it was enacted in 1969, e.g., the numbers of claims submitted or approved, were contradicted by subsequent experience. Corrective legislation was adopted in 1972, 1977, and 1981, including the establishment of trust fund financing in 1977, but results have continued to be at variance with expectations. As a consequence, the trust fund has perennially been in a position of growing deficit.

In other words, even at a time when the black lung fund's liberal compensation criteria were generating a surplus of claims, political pressures nevertheless pushed Congress to further liberalize those criteria and further bankrupt the fund.

In the asbestos arena, I fear that we already have repeated the first part of the black lung fund story. Our concern is that as we continue down this path, we risk repeating the rest of the story as well.

But this fund is different from black lung in one key respect: it is much, much more expensive. This fund has the potential to burn through scores of billions of dollars, rack up $30 billion in