

of action, you would not need \$100 billion?

Mr. DURBIN. I don't serve on the Armed Services Committee, but it is my guess that redeploying troops is also a very expensive endeavor—maybe as expensive as deploying them and holding a position. So I don't know if there will be a savings if there is a redeployment. Although I voted against the use of force resolution that led to the invasion, I voted for every penny this administration asked for for the troops. I believe—and I think my fellow colleagues on the Democratic side, and I am sure on the Republican side—that they don't want to shortchange the troops either as they stay in Iraq or if they are redeployed from Iraq. I would judge the supplemental under those circumstances. What will it cost to redeploy them safely?

Mr. GREGG. I thank the Senator; he is always forthright. I will ask a followup question. Does the Senator believe this supplemental that is coming up, as I believe, should go through the regular order rather than being declared an emergency and have authorization language, or go through the authorizing committee for review and then go to the appropriating committee and then come to the floor?

Mr. DURBIN. I don't speak for the leadership or anybody in the caucus, but I believe that. This notion that we are dealing with an unanticipated expenditure in the fourth year of this war is a charade. I think it would be better for us to deal with this in the regular appropriations process so that we can integrate the cost of the supplemental with the actual expenses of the Department of Defense and do our best to meet the needs of our soldiers and yet not waste taxpayer dollars.

Mr. GREGG. I appreciate the Senator's courtesy in allowing me to ask him some questions.

Mr. DURBIN. Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. Without objection, the time on the majority side will be reserved, and the Senator from New Hampshire is recognized.

#### CONFRONTING A CONUNDRUM

Mr. GREGG. Mr. President, I rise to discuss again what I consider to be the single largest quality-of-life issue we have confronting us as a nation. That is the issue of how we pay for my generation, the baby boom generation, which is about to begin to retire and the effect our retirement as a generation will have on the capacity of our children to be successful and have a quality of life that is equal to what we have had as a nation.

We confront a conundrum. The baby boom generation has been the most productive and most resilient generation in the history of the Nation. As a result, through each decade of its growth, beginning in the 1950s when it added a lot of elementary schools, right through the 1960s, 1970s, 1980s, 1990s, and into the 2000s, when it cre-

ated a huge engine of economic activity in this country because there are so many of us, so highly educated and so aggressive as a productive engine for the whole Nation, we have been able to contribute to society and to our Nation the highest quality of life in the history of our Nation—in the history of the world, for that matter.

But now this generation, which is the largest generation in our history, is going to begin to retire. All of the retirement systems were built up over the years in order to benefit people who retire in our Nation, to make sure they can retire with dignity, Social Security, Medicare and, to a lesser extent, Medicaid. It was based on the promise that Franklin Roosevelt had, which is that you would have a lot of people working and a few people retiring. In 1950, the concept was that you would have, for example, 13 people working for every 1 person retired, so that the working Americans would be able to not only earn a good living for themselves but would also be able to support those people who are retired.

Well, that equation fails in the present projected future because the baby boom generation doubles the number of retirees from approximately 35 million to 70 million, and from a system which had 13 people working for every 1 person retired in the 1950s to about 2 people working for every 1 person retired by 2025. So you go from a pyramid to a rectangle and you have those working people trying to support the people who are retired. There are not enough people working to do that. So you create a huge burden and basically a fiscal crisis of inordinate proportion.

I have a chart nearby that clearly reflects this problem. This simply shows three costs that the Federal Government incurs, which are Social Security, Medicare, and Medicaid, the three largest entitlement accounts, as they are referred to.

Those accounts make up about 8 percent of our gross national product today. Historically, the Federal Government spends about 20 percent of GDP. If it gets much above that 20 percent of the GDP, it becomes an extreme burden for the productive side of our economy and you end up with people being able to produce less because the Government is taking so much out of their paycheck and productivity drops and quality of life drops.

So we have as a nation always sort of maintained within a fairly small range this concept that the Federal Government should spend about 20 percent of GDP. That goes way back. This chart takes us back to 1962. In times of war, that spikes, and it has historically—especially in World War II. But that is the traditional amount.

However, the problem we confront is that the cost of Social Security, Medicare and Medicaid alone—those three items—because of the retirement of this huge generation and the price which it will take to pay benefits for that generation, actually will absorb 20 percent of GDP in the mid 2020 period,

which is not that far away. It is within 20 years, which is not that far. We will actually have a situation where three Federal programs are using all of the dollars which historically the Federal Government has used in order to support the purposes of the Federal Government. So that would mean, theoretically, that the only thing you could pay for would be those three programs. You could no longer pay for national defense, which is the first responsibility of Federal Government; you could not pay for education, health care, environmental protection, or all of the things the Federal Government does that are significant in improving the quality of our standards of life.

That, however, doesn't end the problem, because the cost of this generation continues to go up. In fact, just those 3 programs break through the 20-percent line and go well up into the high 20 percent—28, 29 percent of GDP, as projected—as we head out into 2030 to 2040.

Basically, what you see is the fact that we are headed toward a situation where the cost of these three programs alone will essentially bankrupt our country. The practical implications of this are that the younger generation, the people working for a living, our children and grandchildren, will have to pay a tax burden that is so high that their discretionary income won't be able to be spent on educating their children with a better college education, or on buying a home, or on living a better lifestyle. Their discretionary money will go to taxes to support the cost of these three entitlement programs.

This is not a sustainable idea. This is not an idea that any responsible person involved in governance could subscribe to. Certainly, one generation has no right to pass on to another generation a set of costs that is going to bankrupt the capacity of the next generation to live as good a quality of life as the prior generation was living. It is not right, fair, or appropriate.

Another thing this chart shows is that, as a practical matter, you cannot tax your way out of the situation. A lot of people say: we will just raise taxes. You cannot tax your way out of the situation. You cannot raise taxes high enough to pay for the costs we are going to incur as a result of these entitlement programs having to benefit so many Americans.

Why? It is very simple. Historically, Federal taxes have been 18.2 percent of GDP. Today we have Federal tax of 18.4, 18.5. So we are over the historic norm today. Once you get Federal taxes up above 20 percent and they head toward 23, 24, 25 percent, or even higher, in order to accomplish the coverage of these costs, you are essentially going to be taxing productive Americans at a level where you would reduce dramatically their productivity..

It is sort of a downward spiral event. It is akin to killing the goose that is laying the golden egg situation. You cannot lay a tax burden on a productive people and expect them to continue to be productive because human nature, the natural response to something such as that, is people become less productive. As they see 60, 70, 80 percent of their next dollar they earn going to the Federal Government or to taxes, they are going to be less inclined to go out and earn that next dollar because they are keeping so little of it. That is just human nature.

So it is a downward spiral event. Once you get taxes above a certain level, they stop producing revenues because people do tax avoidance activity or, alternatively, they simply stop being productive and society stops investing, capital formation drops off, jobs stop being created, and you basically drive yourself into a severe recession or you become less competitive with the rest of the world, which doesn't have the same problem.

We cannot tax your way out of this issue. We actually have to address the fundamental, underlying problem, which is that these programs, as they are presently structured, are not sustainable in the future, and we have to figure out a way to make them sustainable.

There are many ways to do this. There is no one solution to this problem. There is no magic bullet out there, although with Social Security it is a much simpler exercise in the sense of moving parts. But there are many ways to continue to deliver high-quality retirement services in Social Security, Medicare, and Medicaid but have them be affordable to the generation who is paying for it.

Five years ago, myself, Senator Breaux, Senator Bob Kerrey, Senator Chuck Robb, Senator Moynihan, and on our side of the aisle, Senator CRAIG THOMAS and a number of other Senators, came together to develop a plan for Social Security which was bipartisan, which would have solved the problem over the long term, which would have continued the benefit structure which was extremely robust—in fact, a more robust system than what seniors are facing today—yet put it in a position that was affordable.

Yes, there were revenues included in that package. Any solution is going to have to involve benefit adjustments and revenues. There is no way we can do it on one side. The fact is, we have to face up to this situation. As a society, we have to face up to this need.

I guess that is my point today. We are running out of time. I have been delivering this message for a while. The clock continues to run. We are running out of time. We have an opportunity, a window. It is a unique window. There are not a whole lot of advantages to the fact that I am no longer chairman of the committee I used to be chairman of, but one of the advantages is, from

my perspective, we now have a divided Government. We have a Democratic Congress and a Republican Presidency.

I happen to believe that any solution to this issue has to be absolutely bipartisan. There can be no question from the American people that a solution on these issues is not done in a bipartisan way because if the American people think it isn't fair, they are not going to be attracted to it; they are going to think it is gamesmanship by one party or the other.

So anything that has to be done has to be done in a bipartisan way. We are in a climate where any solution that is going to occur is going to be bipartisan. That is the good news. But that window of opportunity isn't going to be open that long. We are going to be heading into a Presidential election pretty soon, and in both of the last Presidential elections, we have seen outrageous, despicable, in my opinion, demagoguery on the issue of Social Security. The well was poisoned before the day even started in both those campaigns.

The opportunity to aggressively and effectively address this issue, to develop a bipartisan solution has to occur sooner rather than later, and it has to be done in a way with which the American people are comfortable because it is fair.

I put forward a proposal on this issue. I put forward a proposal that deals a lot with this responsibility package called SOS that has about 30 sponsors. One part of that package was to structure a procedure to deliver results. I believe we should use procedure to drive policy because I believe that once you put policy on the table, everybody takes shots at it, all the different interests in this city sit around and pick it apart. It makes much more sense to use procedure, and the procedure I use is a fast-track, bipartisan commission, where you absolutely have to have bipartisan decisions, you have a supermajority approval, and you do it on a fast track and have people who are going to be players sitting around a room to try to work it out.

That is not the only way to approach this issue. There are a lot of different ways to approach this issue. I hope we, as a Congress, and our leadership in this body—and I know our leadership is interested in this issue. I talked with people on the other side of the aisle who are active on this issue and active in the leadership, and there is key interest in this issue, but the time to move is now.

We are running out of time, and we have to get on with this.

I wanted to make this point, again. I stand ready, a lot of Members on my side stand ready to pursue substantive action in this area. Hopefully, we can do it.

On a second note, this is a point I raised with the assistant leader, we are about to get a \$100 billion-plus supplemental on the war. Nobody in this Senate in any way is going to vote in a

manner that doesn't give our troops what they need when our troops are in the field—at any time, especially when they are in the field.

These supplementals are important to make sure we adequately fund people who are putting their lives on the line for us, but the process that has evolved is not right; it is just plain not right. This will be the fourth year—I think it is like the sixth supplemental, maybe it is the seventh or maybe it is the eighth—I have lost track—that a bill will have come up designated as an emergency from the Pentagon and basically bypasses the process of review through the authorizing committee and, for all intents and purposes, through the Appropriations Committee and comes directly to the floor and spends tens of billions of dollars.

It is a shadow budget, as I have described it. We have a budget process around here. Granted, it is not working that well. Hopefully, it will work better this year. But we do have a budget process, and the purpose of the budget process is to give adequate review and fiscal discipline so that we are responsible stewards of the taxpayers' money. But when we have this shadow budget that comes up, entirely outside the budget process and continues to come up and has become almost the regular order of approach as to how we fund the Pentagon now, you are essentially saying budgets don't matter, review of the substance doesn't matter, spending should simply be done as requested, without any oversight and without any discipline as to how much is going to be spent. I don't think that is the right way to approach this.

In the last budget, I set aside almost \$90 billion for supplementals for the war. The Pentagon wouldn't give us a number. They sent up a euphemistic number. They wouldn't even support that number. So we arbitrarily set \$90 billion because that was the average of what the supplemental requests had been over the prior 3 years. Then we subjected it to budgetary restraint, so that if it went over the \$90 billion, they had to explain it, they had to justify it. We had to have a supermajority if we wanted to accomplish it, if somebody wanted to challenge it—but only if somebody wanted to challenge it.

What is happening now is we are looking at \$170 billion, not \$90 billion, of spending in this year. That is almost \$130 billion over what the Pentagon claimed they euphemistically set up as a throwaway number, which they wouldn't even defend when we had a hearing on this subject.

Essentially, what we are seeing is that there has been a decision downtown to do an end run around the budget process and essentially an end run around the oversight process. We are also seeing, regrettably, that they are gaming the system, at least in the last supplemental—and it is reported that in this supplemental, although I haven't seen the numbers—there is a fair amount of spending which had nothing—well, it had something, but it

was truly tangential to the war effort. It went to the core issue of the Defense budget, which is still spending over \$400 billion. That is on top of the supplementals. They were using this shadow budget, where they knew they had no restraints, to basically pick up spending which should have been in the core budget and had at least gone through the authorizing process.

There were a number of items in there that fell into that category, including the whole restructuring of the Army. And now we are hearing they may even have joint strike fighters in this next supplemental, two of them potentially. At least that is what has been reported. Maybe they will be out by the time it gets here because light has been shined on them.

The fact is, it shouldn't work that way. We know we are in a war. We know, approximately, what that war is going to cost. We should have a process which reviews it in an orderly fashion, and that is the way it was historically done here.

The Vietnam war was appropriated and authorized. Almost all the spending went through an authorizing and appropriating process. Almost all the appropriations of the Korean war went through the authorizing and appropriating process. It is a very predictable number right now, or within range of a very predictable number. They don't have to send \$170 billion up as a supplemental and designate it an emergency to fight this war. We know it is going to cost us in that range, and it should go through the authorizing process and then through the appropriating process. It shouldn't come up as an emergency.

Sure, there may be some amount on top of that which may occur during the year, we may need to put in another X number of dollars, and that may be a legitimate emergency, but the core spending of this war should be accounted for in the regular order and reviewed so it doesn't end up being a gamesmanship exercise coming to us from downtown which is essentially to avoid, ignore, and mute the capacity of the Congress to have an impact on how the spending occurs, whether it is legitimately part of the war or legitimately part of the Defense Department.

I am concerned about this situation. I have heard mumbling from the administration, at least from OMB, that they are going to try to budget for this stuff that is appropriately not in the war—by “this stuff,” I mean things that are appropriately not in the war effort but are in the Defense Department's underlying budget—and that they are going to take those out and put them in the underlying Defense budget.

They need to do more than that. They need to structure the budget they send up here so that if they want to have a separate account for the war fighting, fine. I can understand that because we don't want to build it into the

base. I am 100 percent for that. But it shouldn't be a separate budget, an emergency budget, and it should go through the authorizing and appropriations process.

We have time to do that. We have a strong authorizing committee. I sit on the appropriating committee, and we have an extremely strong appropriating committee. We can review the numbers quickly and analyze whether it is fair and appropriate, and I suspect 95, 98 percent of it will be approved. But the fact that we are going to approve it doesn't mean it shouldn't at least be reviewed. Basically, muting and undermining the legitimacy of the congressional role in funding is, undermining, in some degree, the commitment to the war effort itself. It is counterproductive to having popular support for the war effort.

I hope that when they send up this next supplemental that they not designate it as an emergency and that they ask that it go through the process, but tell us to do it in a quick way, don't spent a month doing this; do it in a week and a half, 2 weeks, and we can do that; otherwise, I believe we will continue on a path that is harmful not only to the relationship between the executive and the legislative branches, it is harmful to good governance and the good stewardship of tax dollars and it is, more importantly, more harmful to the war effort itself.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

#### LEGISLATIVE TRANSPARENCY AND ACCOUNTABILITY ACT OF 2007

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. 1, which the clerk will report by title.

The assistant legislative clerk read as follows:

A bill (S. 1) to provide greater transparency in the legislative process.

Pending:

Reid amendment No. 3, in the nature of a substitute.

Reid amendment No. 4 (to amendment No. 3), to strengthen the gift and travel bans.

Vitter amendment No. 5 (to amendment No. 3), to modify the application of the Federal Election Campaign Act of 1971 to Indian tribes.

Vitter amendment No. 6 (to amendment No. 3), to prohibit authorized committees

and leadership PACs from employing the spouse or immediate family members of any candidate or Federal office holder connected to the committee.

Vitter amendment No. 7 (to amendment No. 3), to amend the Ethics in Government Act of 1978 to establish criminal penalties for knowingly and willfully falsifying or failing to file or report certain information required to be reported under that Act.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized.

Mr. LIEBERMAN. Mr. President, I am privileged to be able to manage the bill for part of today. Senator FEINSTEIN and I—she is the chair of the Rules Committee, and I, in my capacity as chair of the Homeland Security and Governmental Affairs Committee, will be alternating on our side. I am honored to do that.

I would say that after a day, we are off to a good start in our consideration of S. 1, the bill before us. The majority and minority leaders, Senators REID and McCONNELL, laid down yesterday a bipartisan substitute amendment that improves what was already a strong bill, S. 1, and I know a number of other Senators have come to the floor to file or offer amendments. It is good to proceed in that way.

We have a bill before us which fortunately has strong bipartisan support, and it is certainly my hope, and I know the hope of managers on both sides, and the leaders, that we can move along with the consideration of these amendments so that we will complete this bill in the timeframe laid out by the majority leader, which is the end of next week. This will be not just auspicious but a meaningful, bipartisan way to begin this 110th Congress.

I wish to speak in strong support of the comprehensive substitute that was laid down and offered by the majority and minority leaders yesterday. I am pleased to join as a sponsor of that amendment. The underlying text of S. 1 is already a sweeping reform of ethics rules and lobbying regulations, and the substitute takes us even further in strengthening those reforms. I would like to focus on a few of the additional improvements made by the substitute.

The substitute will clarify and strengthen the provisions in the underlying bill that require, for the first time, lobbyists to report on campaign contributions and travel they arrange for Members of Congress—for the first time. We also will require lobbyists to disclose contributions to Presidential libraries and inaugural committees. This is an extension of one of the basic building blocks of this reform, which is disclosure, transparency, shining the sunshine on what is happening here so the public, the media, and Congress itself will be better informed and can take appropriate action. These disclosures will provide a fuller picture of the relationships between those who lobby and those who are lobbied in the Congress and in the executive branch.

The substitute also creates a new criminal penalty for violations of the