

to reward effective teachers and effective principals. He will increase the capacity of our young people to go to college on Pell grants. When we have a President who invests in education, we know we should support him because every dollar we invest comes back ninefold.

Then the President invests in health care. We know the biggest cause of bankruptcy in America is when a family is hit with a catastrophic health problem and they are uninsured or their insurance is capped. We know premiums have grown four times faster than wages in the last 8 years. Our President is going to finally take on the issue of health care. We should stand with him. Does that mean we will support every little thing he recommends? It may not. We may agree on 90 percent. But we will move on health care because not to do so, again, is a hostile act because the current situation is unsustainable. The cost to families today is unsustainable. The fear families have—what if somebody gets a catastrophic illness, what will happen—is unforgivable.

Lastly, we see our President investing in clean energy. What he is doing is looking at the future and recognizing that the old energy is not going to sustain us. If we want to lead the world, we have to do what Thomas Friedman suggests in his book “Hot, Flat, and Crowded”—step out and invent the new clean energy technologies. In doing that, we will lead the world in green jobs. We will lead the world in exports. If we adopt the cap-and-trade plan that is recommended by our President, we will see a robust economy because, once you put a price on carbon, all the other alternatives come up behind it, and it will lead us out of this economic morass.

I believed it important to come to the Chamber today to speak to these two issues. We cannot abide by the outrageous bonuses in a company led by people who took the company down. We can't abide by that. In addition, we need to work with our new President and bring about the change he promised in his campaign. That change is reflected in his budget.

I yield the floor.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### REVOLUTIONARY WAR AND WAR OF 1812 BATTLEFIELD PROTECTION ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to H.R. 146, which the clerk will report by title.

The bill clerk read as follows:

A motion to proceed to the bill (H.R. 146) to amend the American Battlefield Protection Act of 1996 to establish a battlefield ac-

quisition grant program for the acquisition and protection of nationally significant battlefields and associated sites of the Revolutionary War and the War of 1812, and for other purposes.

The PRESIDING OFFICER. The Senator from New Hampshire.

#### THE BUDGET AND RECONCILIATION

Mr. GREGG. Mr. President, I listened this morning to President Obama as he spoke on the budget. In attendance with him were the chairmen of the Budget Committees in the Senate and the House, Chairman CONRAD and Chairman SPRATT. Essentially, the President was defending his budget, as proposed and sent up here to the Hill.

His theme was we should not pass on problems to the next generation. Thus, he said, his budget took on the issue of energy and took on the issue of health care as being core questions that need to be resolved now and not be passed on to the next generation. I could not agree with him more—first, that we should not pass on problems to the next generation, and, secondly, we should take on the problems we have today. And they are fairly big.

Where I disagree with him is the conclusion that the budget he sent up here does not pass problems on to the next generation. In fact, it passes the most significant problem on to the next generation, which is that it so greatly expands the size of Government in such a short period of time with so much borrowing that it basically will bankrupt our children and our children's children as a result of the cost of Government going forward.

People do not have to believe me to recognize this. All they have to do is look at the President's budget. In 5 years, the President's budget will double the national debt. In 10 years, the President's budget will triple the national debt. To try to put this in perspective, if you take all the debt the U.S. Government has run up since the beginning of our country—from George Washington all the way through to George W. Bush, that total amount of debt—in 5 years it will be doubled under this budget, as sent up by President Obama.

Now, a lot of that debt that is being run up in the short run I am not going to claim is inappropriate in the sense that it is something that is under his control or that he is responsible for as President. In fact, I agree that we as a nation need to expand our spending as a government in the short run in order to try to address this recessionary period, and specifically to try to stabilize our financial situation, our financial system. I do not happen to agree with the stimulus package which was passed. I do not agree with the omnibus package which was passed. They were both profligate and unfocused, money being spent inappropriately and inefficiently. But I am willing to accept the fact in the short run there has to be a spike in our national debt in order to address this recession.

What is not tolerable, however, is that under this budget, after the short

run—after this period from 2008, 2009, say, through 2011, when the recession, by all estimates, will hopefully be over—we will still be running the debt up radically, as sent up by this President. In fact, it doubles in 5 years, but it triples in 10 years, which means there is—I am not aware that a recession in the last 5 years of this budget is being proposed; I certainly hope it is not being proposed, but certainly there is nothing that requires that type of a radical expansion in our debt over that period.

The practical implications of this doubling of the debt are that by the time the budget gets into the year 2013, the public debt of this country will be, as a ratio of GDP, 67 percent of GDP. I suspect when CBO scores the President's numbers at the end of this week it will probably be close to 70 percent of GDP. What does that mean? Well, try to put this in perspective.

Prior to the recession, our public debt—that is the debt held by people such as the Chinese, for example, and the Europeans—our public debt—the debt which we sell to the world in order to finance our Government—was about 40 percent of our gross national product. That is an acceptable level. Most economists will say we can tolerate a debt to gross national product ratio of 40 percent. But when it gets up to around 70 percent, when it gets over 60 percent—when it gets into those numbers—it is not tolerable. You might be able to tolerate it for a little while, for a few years, but you cannot tolerate it for an extended period of time. What the President is proposing is that 67 percent of public debt to GDP ratio—which will be over 70 percent, I suspect, when it is rescored that goes on forever.

In addition, the deficit, beginning in the year 2012, under the President's budget, will be at 3 percent to 4 percent of gross national product. Now, historically, over the last 20 years—prior to the recession—the deficit has been around 2 percent of gross national product. Why is it important to keep that down? Because every time you run a deficit, you add to the public debt. When you get into the 3- to 4-percent range of annual deficits as a percentage of GDP, you are essentially adding so much debt so quickly every year that basically your Government becomes unaffordable. That is the bottom line here.

What happens, as you go into the outyears when you triple the debt and keep the deficit at around 3 percent or 4 percent of GDP the currency starts to be under pressure. The dollar becomes questioned as to its value. People start asking, especially in the international community: Do we dare buy American debt? In fact, you heard, regrettably, the Chinese Premier raise that issue already. If you cannot sell the debt and you cannot finance the Government, you do not have too many choices. You must move to inflation. That is not a good choice for Americans.

So basically what you are putting in place is a structural debt and a structural deficit under the President's proposal which simply is not affordable, which means our children are either going to be overwhelmed by a tax burden or they are going to find a country where inflation is rampant or basically the standard of living has dropped significantly.

Why does this all happen? Well, it happens primarily because under the President's budget he is taking spending up radically. Sure, in the short run that may be acceptable because we are trying to address this recession. But he does not bring spending back down to its historic levels.

This chart I have in the Chamber shows you that the historic level of spending of the Federal Government has been at about 20 percent of gross national product. We have been up and down around 20 percent for years. But under President Obama's proposal, he radically moves the Government to the left, greatly expanding the Government role in all sorts of areas: in energy, in health care, in education. As a result, he takes Federal spending up to 23 percent of gross national product and keeps it there for as far as the eye can see and revenues stay down at about 19 percent, so you have this big structural deficit in here.

Even if you were to take revenues up to 23 percent of gross national product, the practical effect would be that you would be wiping out most people's incomes with taxes. The President says he is only going to raise taxes on the wealthiest in America. That, first, is inaccurate because he has put in this proposal a massive carbon tax, which is basically a national sales tax on electricity, and every time you turn on your electric lights, you are going to end up with a new tax, a new national Federal tax. But independent of that, he cannot get this debt under control with this type of spending level unless he radically increases the tax burden on working Americans—all Americans—to a point where basically productivity would drop significantly in this country, and that would be a self-fulfilling event, of course. Once productivity drops, your revenues drop, and you never get back to an efficient marketplace and, therefore, you probably aggravate the deficit.

But the problem is, this huge debt he is running up and passing on to the next generation—this tripling of the Federal debt, about which he says: We do not pass problems on to the next generation—this is a pretty darn big problem that is being passed on to the next generation—is driven almost entirely by spending, spending at the Federal level, which he greatly expands.

Under the proposal which he has put forward as a blueprint—this budget proposal—his way of solving the health care problem is to essentially nationalize health care. His way of solving the educational problem is to essen-

tially nationalize the student loan program. His way of solving the energy problem is not to produce more energy in America, it is basically to significantly increase the cost of energy in America to all Americans by putting in place a carbon tax, which is a national sales tax.

His way of addressing the issues which we confront, which are reasonable, philosophical approaches, is to significantly increase the size of Government and, thus, the cost of Government and, thus, to create this huge debt, this massive debt, which we are not going to be able to finance and which is, therefore, going to threaten the economic strength of our Nation and clearly give our children something less than we received. Therefore, when he says he is not going to pass the problems on to the next generation, the exact opposite is true. He is creating a huge problem for the next generation in the way he wants to spend this money.

Now, there is a second issue I want to address today. That goes to the issue of the substance of the points made today at the press conference. This could be addressed, of course—this issue of spending and those questions regarding these major public policies—if he wanted to reach across the aisle and approach things in a bipartisan way.

Senator CONRAD, the Chairman of the Budget Committee, and I have proposed an idea calling for a commission with fast-track authority which essentially would talk on the big issues which drive this spending problem—health care, specifically; Social Security, also; and tax policy—and would allow us, in a bipartisan way, to come forward and grapple with these issues and put forward ideas as to how to solve them and bring under control these numbers so they are affordable and so we do not run up this massive debt on our children. That is a bipartisan initiative which I am totally committed to.

In the area of energy, there are a number of bipartisan initiatives which make sense. But we are now hearing that rather than proceeding on a bipartisan path to try to address these issues, they are going to think about using something called reconciliation. That is a term of art around here. Most people do not know what it means. But what it essentially means is that you say here in the Senate that the Senate will function as an autocracy, it will function like the House of Representatives, that you will have the ability to bring to the floor a bill which will not essentially be amendable and which will only take 51 votes to pass.

Reconciliation was a concept enacted as part of the congressional budget process, and its use has evolved. Its purpose was to reconcile the budget. In other words, if the numbers on spending around here did not meet the budget, then there would be a bill to correct that, so that if the appropriations numbers were not correct or the enti-

tlement numbers were not correct or the tax numbers were not correct, there could be a bill that comes through called reconciliation, which would follow the budget resolution.

Sometimes over the years, it has been used in an aggressive way. It was used to adjust already existing programs—authorized programs, entitlement programs, and tax proposals. President Bush used it aggressively on taxes. In 1997, President Clinton used it aggressively, along with a Republican Congress, on everything—entitlements and taxes—but it was always directed at existing policy and adjusting that policy. In other words, we were raising the tax rate or dropping the tax rate, changing an entitlement program in some way that already existed or not changing an entitlement program.

Reconciliation has never been used for the purposes of putting in place a dramatic new Federal program which will fundamentally shift the way the Government functions in this country. It has never been used in the sense of an ab initio event or program.

The carbon tax—or, as I call it, the national sales tax on electric bills—is a massive exercise in industrial policy, totally redirecting how energy is produced in this Nation and affecting everybody in this Nation because everybody's energy bill will be increased as a result of this tax, especially in the Midwest and in the Northeast. It is a brand new program—something we have never seen before. It is a huge program. Obviously, rewriting the health care system of this country is a dramatic exercise affecting absolutely everyone in this Nation at all sorts of different levels. It is a brand new, major program. These are initiatives of significant size and import. Reconciliation was never conceived to undertake those types of events, those types of initiatives.

You can't bring to the floor of the Senate a bill which totally rewrites the way people produce and pay for energy in this Nation with a brand new national sales tax, under a rule that says you will get 20 hours of debate and no amendments, and have the Senate function as is its purpose, which is to be a place of discussion and amendment. It would function like the House of Representatives, that is true, but it would basically eliminate the Senate as a concept and it would go right directly at destroying the purposes of the Senate. The same, of course, is true, to bring a major initiative—to basically rewrite health care completely—basically quasi-nationalize it, as far as I can see, is the proposal—but to have a massive health care initiative which would affect everything that has to do with health care brought to the floor of the Senate under reconciliation would be to fundamentally undermine the purposes of the Senate, which is to discuss, debate, and have the right to amend major public policy. I can't think of two things which would be more significant public policy than those initiatives.

Yes, if they used this system of reconciliation, they would take serious risks because they would be subject to something known as the Byrd Rule on public policy, but just the concept that they would be thinking about this is the reflection of their willingness to ignore the concept of bipartisanship which we hear so much about. If you are going to talk about reconciliation, you are talking about something that has nothing to do with bipartisanship; you are talking about the exact opposite of bipartisanship. You are talking about running over the minority, putting them in cement, and throwing them in the Chicago River. Basically, it takes the minority completely out of the process of having a right to have any discussion, say, or even the right to amend something so fundamental as a piece of legislation of this significance. It also, I would note, takes anybody who disagrees, even on the majority side, out of the discussion, anybody who disagrees with the actual document brought to the floor under the reconciliation instructions.

So using reconciliation in this manner, on this type of an issue, would do fundamental harm—fundamental harm—to the institution of the Senate. Why even have a Senate if you are going to use reconciliation on something this significant? You might as well just go to a unicameral body and be like Nebraska: just have one body. It would be the House of Representatives because that would be the practical effect of using reconciliation. It is such a dangerous precedent to set or to even discuss because by discussing it, you basically devalue the purposes of the Senate, which is to amend and debate and have an open forum; one where, as Washington said, the hot coffee can be poured from the teacup into the saucer. The Senate is supposed to be the saucer. It is supposed to be where we get an airing, and certainly on issues of this size we should have it.

So I certainly hope we have no further discussion of the idea of using reconciliation for the purposes of pursuing either a national sales tax on energy called the carbon tax and the policies it would imply for industrial policy relative to energy production in this Nation or for the massive rewrite of health care.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I agree wholeheartedly with the warnings issued by my friend, the Senator from New Hampshire, whose service on the Budget Committee has been very valuable, and I hope everyone has taken careful heed of his words for what we need to do in the future.

Mr. President, I ask unanimous consent to proceed as in morning business.

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

#### AMERICAN CREDIT CLEANUP PLAN

Mr. BOND. Mr. President, I wish to talk about something that is happening at this moment and a problem we have to solve before we even look at what we do in the future. Like so many others—and I assume the occupant of the chair and all of my colleagues have heard the same thing—the phones in my office in the District of Columbia and across the State are ringing off the hook. Americans are outraged that their hard-earned taxpayer dollars are being used to pay bonuses at AIG. Yesterday afternoon and today, there have been countless press reports about these bonuses paid to some of the same people who may have been responsible for putting AIG into this mess. I agree. I, too, am outraged. It is unacceptable to pay bonuses after the American taxpayer was forced to bail out an institution without reforming it—without reforming it—without demanding any changes.

While I share Americans' fury over this latest idiocy, I am, quite frankly, a little surprised to see the President and his Treasury Secretary so outraged by these bonuses when they had the opportunity to prevent them before they gave AIG the latest installment of taxpayer dollars. That is right, the Obama administration could have refused to pay the remainder of the \$170 million in bonuses to failed AIG executives as a condition to providing that company the additional money it sought from the Treasury. Earlier this month, the Obama administration gave AIG another injection of \$30 billion of taxpayer funds to keep this failed institution from failing even further. There is a rat hole, and we have thrown \$170 billion down it.

At the same time, Treasury Secretary Geithner should have and could have ensured that taxpayer dollars wouldn't be used to pay any of these bonuses, but he didn't. This is another example, I regret to say, of the Secretary's failed leadership. When he was President of the Federal Reserve of New York, he had oversight responsibility over AIG, Citi, and other of the major failed institutions. What was done? Obviously, the answer is "not much."

The outrage over the bonuses really, in some ways, kind of misses the point. I believe that capping corporate pay and taking away business and private jets is not enough for the failed executives who got us into this problem. We need to go further. The failed senior executives and the board of directors should have been fired, should have been replaced when the Government first had to step in and rescue the company. Don't throw good money after people who are not running their institutions well.

I can assure my colleagues that if any worker in Missouri or any other State across the Nation drove their company into the ground, they would have been and should have been fired. They wouldn't be receiving a bonus. I

believe this double standard for Wall Street versus Main Street is another reason Americans are so mad about how their taxpayer dollars are being used.

What is particularly troubling is that AIG's intention to pay these bonuses had been no secret, and the administration was completely aware of these payments. Now that Americans are outraged about how their taxpayer dollars are being spent, Secretary Geithner and President Obama are suddenly shocked and outraged as well. The real outrage is their ad hoc and knee-jerk reaction to the crisis. The administration's ad hoc amounts to spending billions—that is right, billions with a "b"—of good taxpayer dollars on the failing banks.

What we really need, as I said last week, is to follow the words of that old country music song: "We need a little less talk and a lot more action." We need to focus on the failing banks and others, and I have laid it out. It is called the American Credit Cleanup Plan. It is really very simple. It uses existing authorities for the banks, existing authorities within the Federal Deposit Insurance Corporation.

There are three main steps that need to be taken: We need to identify failing institutions; we need to remove the toxic assets, protect depositors, and remove the failed leadership; and then return healthy, clean banks or portions of those banks into the private sector and get the Government out of running the businesses. Government doesn't do a very good job of running private business. I hate to say it, but our record in Congress on running our own business is not something one would hold up as an example of good executive management.

Unfortunately, we don't seem to have any executive management in the administration, but we can send the FDIC in to clean up the banks and put the banks back into the private sector—at least in various pieces, whatever is sold off, whatever the market will buy—and let the market judge whether these new institutions, or institutions with these new portions in them, are working. There ought to be discipline in the marketplace. There has been no discipline.

I agree with Americans who don't want to see their tax dollars going to failed executives at AIG or any other failing institution. Our plea is stop throwing good tax dollars at bad banks. The zombies should not be propped up without being cleaned up. We have well-established principles. We need bold action that fixes the root problems and a clear exit strategy in mind such as the American Credit Cleanup Plan. Get in, take out the bad assets, protect the depositor if it is a financial institution, clean out the boards of directors if need be, and put the bank or parts of it back in the marketplace.

It is time the President and the Treasury realize that throwing good