when both parties seek and find common ground. The minority can play a major role in this process but only if they offer solutions, not sound bites.

We all recognize that reversing 8 years of Republican deficits and fiscal irresponsibility will take time. It will not happen overnight. We may not know exactly when the recession will end, but I am confident that passing the budget will hasten the day when recovery begins.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2010

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to consideration of S. Con. Res. 13, which the clerk will report.

The assistant legislative clerk read as follows:

A Senate concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the United States Government for fiscal year 2010, revising the appropriate budgetary levels for fiscal year 2009, and setting forth the appropriate budgetary levels for fiscal years 2011 through 2014.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. REID. Mr. President, I have spoken to the two managers of the bill. As soon as Senator MCCONNELL comes to the floor, they will turn the floor over to him. He is coming, but he was detained on the way. So if the two managers will go ahead and start the bill, and when Senator MCCONNELL gets to the floor, he has a statement he wants to make, and that will start the time counting.

The ACTING PRESIDENT pro tempore. The Republican leader.

Mr. MCCONNELL. Mr. President, Americans have serious concerns about this budget and the massive amount of spending, taxing, and borrowing it calls for right in the middle of a recession. They are also increasingly concerned that Democratic leaders in Washington seem to be less and less straightforward about what we are actually doing here on Capitol Hill.

Americans were upset to learn that a provision was quietly dropped from the stimulus bill that would have kept taxpayer dollars from going to executives at failed financial firms. But they were equally upset at how those bonuses came about—the language blocking them was quietly stripped from the bill in a closed conference room somewhere in the Capitol without anybody looking.

A few days after that, openness took another holiday on Capitol Hill when Democratic leaders announced new budget gimmicks that had the effect of concealing the true long-term costs of the administration's $3.6 trillion budget. And now questions about diminishing transparency relate to the budget itself—a budget that almost makes the trillion-dollar stimulus bill look fiscally responsible by comparison.

Everyone knows that the national debt is already too high and that this budget would cause that debt to balloon even more—doubling in 5 years and tripling in 10. Yet, even with all that borrowing, the administration still will not have enough money to pay for the massive expansion of Government outlined in this budget. In order to cover the cost, they propose two things: a tax on income that hits small business very hard and a new national energy tax that would hit every American household and business.

But the Democratic budget writers had a problem: This new energy tax is deeply unpopular, and it is a serious job killer. According to some estimates, this tax could cost every American household up to $3,100 a year just for doing the same things people have always done, such as turning on the lights and doing the laundry. It is also a tax on all economic activity, from factory floors to front offices. This tax won't just hit American households, it will cost us jobs.

Another problem was that virtually all Republicans and a lot of Democrats agree with most Americans that this new national energy tax is a terrible idea and that we can't afford it. Yet, without this tax, there is just no other way for Democratic leaders to pay for all the new Government programs the administration wants. The solution to the problem was this: Democratic budget writers decided to use a rule that allows them to fast track legislation down the road, including potentially the new energy tax, without any input from Democrats and Republicans who either have serious concerns about this tax or who oppose it altogether.

The chairman of the Budget Committee argues that this version of the budget resolution doesn't allow this avenue for fast tracking legislation on an energy tax, and that may be so. But we also know two things: First, the language House budget writers have used in their budget resolution leaves the door wide open to include the energy tax, and the Democrats need this tax as a slush fund to pay for all the new programs the budget creates.

Some still argue that this fast-track process won't be used for the energy tax. They must not be paying attention to the administration's budget director, who says fast tracking the energy tax isn't off the table. And they must not have been paying attention to our friend the majority leader, who, to his credit, has been quite candid about the fact that the amount of money the administration needs for its health care proposals is almost exactly what the administration says it can raise from a national energy tax. Americans don't need another $3,100 added to their tax bill.

And just as worrisome is the method being used to ram this tax through Congress: lay the groundwork, keep it quiet, and rush it through with as little transparency and as little debate as possible.

If there is anything we have learned over the past few weeks, it is that the American people want more people watching the store, not fewer. If the bonuses taught us anything at all, it is that Americans think we should take more time, not less, when considering how to spend their money. If Democratic leaders intend to pay for all the administration's programs with a new energy tax, they should say so now, bring it to the full Senate, and let the people decide. Anything less on a policy shift of this magnitude betrays a troubling lack of straightforwardness about the Democrats' plan for imposing a massive new tax on the American people and American businesses.

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. CONRAD. 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.

Mr. CONRAD. Mr. President, I ask unanimous consent that the use of calculators be permitted on the floor during consideration of the budget resolution.

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

Mr. CONRAD. Mr. President, I know my colleague, Senator GREGG, the ranking member, has a statement he would like to make, and so I will withhold for his statement.

The ACTING PRESIDENT pro tempore. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I appreciate the courtesy of the Senator from North Dakota, who is always extraordinarily courteous, professional, and generous. Before we begin the specific debate on the issue of the budget, which obviously we both have to be here for—and I know he has a lot of things going on in North Dakota with the flooding—I would like to make a few remarks off topic.

(The further remarks of Mr. GREGG and Mr. CONRAD are printed in today's RECORD under "Morning Business.")

Mr. CONRAD. Mr. President, I speak to the matter now before us on the floor of the Senate, the budget.

I would like to start by pointing out what this President has inherited because this President, who has only been in office a few months, has inherited a series of crises almost unparalleled in our country's history. You think about it. Not only does he have a fiscal crisis, he has a housing crisis, he has a financial crisis, he has two wars, and he has a legacy of debt that is truly stunning.

The debt more than doubled in the previous 8 years, the foreign holdings of U.S. debt tripled in the previous 8 years, and the President inherited an economy in recession for more than a year, an economy which contracted by more than 6 percent in the last quarter of last year. Of course, when that happens, deficit and debt soar. That is precisely what has happened. In the last years, the deficit and debt have skyrocketed. So this President walks into a very challenging situation.

This shows what happened to just the Federal debt in the past years. It went from $5.8 trillion to over $12 trillion. The way we do it, we don't hold Presidents responsible for their first year because they are inheriting a situation. We don't hold George Bush responsible for the first year he was in office. He was working off the previous President's budget. And we do not hold this President responsible for the first year because he inherits the previous President's budget. But this is what happened in the previous 8 years: more than doubling of the debt. Perhaps even more alarming, there was a tripling of foreign-held debt.

President Bush, as we can see by this chart—it took 42 Presidents 224 years to build up $1 trillion of foreign-held debt. President Bush, during his period, ran up more than $2 trillion of foreign holdings of U.S. debt. Last year alone when we went to finance our debt, 68 percent of the funding came from foreign entities.

Some say that is a sign of strength. I don't share that view. To have the Chinese be our biggest financier, to have Japan be No. 2, to have them financing 68 percent of our newly issued debt—I don't think that is a sign of strength. I think it is a sign of vulnerability.

Not only did President Obama inherit those very tough fiscal situations, he also inherited a country facing very dire economic conditions, with over 3.3 million private sector jobs lost in the last 6 months alone.

You can see, going back to September, 300,000 jobs were lost. That jumped up to almost 400,000 in October of 2008; in November of 2008, over 600,000 jobs lost. Then it approached almost 700,000 in December of 2008. In January of 2009 there were nearly 700,000 jobs lost; in February of 2009, another almost 700,000 jobs lost.

We see the unemployment rate rose very dramatically, starting back in March of 2007, when it was just at about 4.4 percent. Then it started skyrocketing back in March of 2008. You can see it took off at a very rapid rate to a level of 8.1 percent in February of 2009.

This is much more than numbers on a poster. These are real people losing their jobs—meaning their ability to hold on to their homes was threatened, meaning their ability to provide for their families was diminished. These people are wondering what comes next for them; what are we going to do that is going to make a difference in their lives.

We also see economic growth contracted very dramatically from the third quarter of 2008, when there was a negative one-half of 1 percent of growth, to the fourth quarter of 2008 where the economy contracted at a rate of over 6 percent. That is the worst economic performance in decades.

That is the situation this President inherited. But it is more than that. He is inheriting record deficits; a doubling of the national debt; the worst recession since the Great Depression; financial market and housing crises, as I indicated; 3.3 million jobs lost in the last 6 months; and on top of that, ongoing wars in Iraq and Afghanistan.

I have often thought of the crushing responsibility on the shoulders of this President, but he is equal to it. I can say, in meeting after meeting I have had with him, one of the things that has always appealed to me about Barack Obama, now President Obama—not only is he a very smart person, but he is remarkably calm.

Even in the face of great crisis, this President maintains a coolness under fire. I find it very appealing and very reassuring that with all of these crises he is absolutely calm and he is very clear thinking. That is what we need at this time.

So when the President came with major priorities in his budget, I think many across America thought, those are exactly the right priorities. He is talking about reducing our dependence on foreign energy, one of his three key priorities; excellence in education. If we do not have the best education in the world, we are not going to be the strongest country in the world; for very large major health care reform, because I think everyone understands that is the 800-pound gorilla. That is the thing that could swamp the boat, because we are spending $1 of every $6 in this economy on health care, and we are headed for more than $1 of every $3 in this economy going to health care if we stay on the current trend line. Clearly that is unsustainable and the President has called for major health care reform.

A continuation of middle-class tax cuts, the 2001 and 2003 tax cuts. The President added additional middle-class tax cuts in his budget. All the while the President called for these major initiatives, but to do it and cut the deficit in half over the 5 years. We have tried our level best to meet the President's major priorities, understanding that we were going to have to make some changes, because the Congressional Budget Office, who did their forecast of revenue available, had done their forecast several months after the President's forecast was done. In the meantime, the situation, as I have already shown, had deteriorated. So we were left with a circumstance in which we had $2.3 trillion less to write a budget than did the President when he wrote his.

When I say $2.3 trillion, I want to emphasize that. I am not talking about ''million,'' I am not talking about ''billion,'' I am talking about ''trillions'' of dollars. Trillions of dollars. A trillion dollars is 1,000 billion dollars; 1,000 billion dollars.

So when we say $2.3 trillion was lost in the forecast of revenue available, that is a big deal. I was given the responsibility of telling the President that we were faced with that very changed circumstance, because the Congressional Budget Office does not report to the President, it reports to the Congress. So when we learned of this very significant change, I and Chairman SPRATT, the chairman of the Budget Committee in the House, were given the responsibility to meet with the President and to inform him of these very significant changes.

As you can imagine, the President was not very happy. But I can tell you he is a realist, and he understood immediately the implications. He understood immediately that we would have to make some changes in his budget. But he asked us to preserve his key priorities, and that is what we have attempted to do.

Again, we need to reduce our dependence on foreign energy. I think everyone knows, or nearly everyone, that this is one of the major fundamental threats to the United States. Our dependence on foreign energy, back in 1985, we imported 27 percent of the oil we use. By 2008, that had increased to 57 percent of the oil we are using being imported from abroad, much of it from unstable parts of the world, some of them not very friendly to the United States.

So this poses a fundamental long-term economic and security threat to our country. The President has rightly identified, even though the pressure is off right now because oil prices are way down, that this is something we have got to face up to if we are going to have a strong America in the future.

So in this budget we have responded with a reserve fund that reduces dependence on foreign energy, creates green jobs, helps preserve the environment, and helps with high home energy costs. We do it through a reserve fund to accommodate legislation, to invest in clean energy, and address global climate change.

We also provide the President's level of discretionary funding for the Department of Energy for the year. We build on the economic recovery package investments in renewable energy, efficiency, and conservation, low-carbon coal technology, and modernizing the electric grid. That process had been started in the economic recovery package. It is in the budget; critically important to the economic future of the country.

In terms of a focus on excellence in education, there are lots of warning signs out there that we are starting to lose the battle to be the best educated people in the world. But what are the indications? Here is just one. We are now dramatically lagging China in producing engineers. You can see, in 1985, each of our countries produced about the same number of engineers. We produced, each of us, about 75,000 engineers.

But look at what has happened since in the United States. The number of engineers we are producing has declined to about 65,000. Look at what has happened in China. They have increased from about 75,000 to more than 440,000 engineers. Now, why is that important? I think we know it is important because you have got to have engineers if you are going to be building a strong infrastructure. If you do not have a strong infrastructure, you do not have a strong base for competition in this globalized world economy.

We have done everything we can to capture the President's priority of emphasizing excellence in education. We generate economic growth and jobs, prepare the workforce to meet the global economy, make college more affordable, and improve student achievement. We do it with a higher education reserve fund.

To facilitate the President's student aid increases, we extend the simplified college tax credit providing up to $2,500 a year, and we also focus on the President's requested level of $5,550 for Pell grants and fully fund his education priorities, such as early education.

Now, I was raised by my grandparents. My grandmother was a schoolteacher. She was five feet tall. We called her Little Chief. We called her Little Chief because she commanded respect. And in our family, she would tell us there are three priorities: Education is No. 1. Education is No. 2. And education is No. 3.

I tell you, we got the message, my generation. I have 13 cousins. Every one got advanced degrees. We were not a family of any special means, a middle-class family. But we understood that education was the way to secure a better future. She made it very clear to us that was the expectation. We need to reemphasize excellence in education in this country.

But we also face an enormous challenge in health care. As I indicated in my opening remarks, $1 in every $6 in this economy is going for health care. This chart shows 16 percent of our GDP, and we have just gotten updated numbers that show now we are over 17 percent of our gross domestic product going to health care. If we stay on the current trend line, by 2050, 37 percent of our gross domestic product will be going for health care. That is utterly unsustainable. It is the biggest threat to our long-term deficits and debt. It is the biggest threat to our economic competitive position. It is the biggest threat to the economic viabilities of families and companies and communities. So this is something that must be addressed.

President Obama has called for major health care reform, and we have sought to preserve that priority in the budget resolution. We invest in health care in an attempt to bend the health care cost curve to save money, reduce long-term costs, reduce the buildup of deficits and debt, also to improve health, to expand coverage, to increase research, and promote food and drug safety.

We do it in three fundamental ways. First, a reserve fund to accommodate the President's initiative to reform the health care system. What does a reserve fund mean? It means simply this: The committees of jurisdiction are given full flexibility to write legislation to accomplish the President's goals. But they have certain requirements, and the requirement is that they pay for what they produce, that it be deficit neutral.

The administration has said all along, that is their intention, and we try to match that intention in this budget. The reserve fund also addresses Medicare physician payments. It is already scheduled in law that doctors will take very significant reductions. We do not want to see that happen. So, again, we are saying to the committees of jurisdiction: Fix it and pay for it. Fix it and pay for it, because we cannot add to the deficit and debt to do it.

Finally, we continue to invest in key health care programs such as the National Institutes of Health and the Food and Drug Administration.

On defense, which is always of great interest in terms of a budget resolution, we actually provided $45 billion more in funding for defense than President Bush's final defense plan. You can see the final defense plan of President Bush is this red block. The hatch lines here are the additional funding we have provided over the years 2010 to 2013, because that is as far as the Bush defense plan goes. We provided $45 billion more. Frankly, President Obama came forward and said: Look, let us more honestly account for war costs than has previously been done. In the previous administration, all too often they did not put in the budget funding for war. This President did, and we do in the budget resolution.

Now, the President also gave us a charge to cut the deficit by more than half over the 5 years of the budget resolution. You can see that we have done, that this year we project the deficit at $1.7 trillion under this budget resolution, and we step it down every year. We will reduce it by $500 billion the first year, by $300 billion the second year, by another $300 billion the third year, by a little bit the fourth year, and by another about $60 billion the final year, to get down to $508 billion. That is a reduction of more than two-thirds over the 5 years, as a share of gross domestic product, which is what the economists like to look at, because that takes out the effect of inflation.

You can see we are reducing the deficits from 12.2 percent of gross domestic product in 2009, down to less than 3 percent in 2014. That is the magic goal, less than 3 percent of gross domestic product. Because at that level the economists tell us you stabilize the growth of the debt. That is the goal the President set, getting down to 3 percent of GDP or less in a deficit in the fifth year, and we beat that goal by a little bit.

There has been a lot of talk about the spending in this budget resolution. I want to make clear here is what happens. The spending again is a share of gross domestic product. Again the economists say that is the most fair comparison over time because it takes out the effect of inflation. You can see in 2009, we are spending 27.6 percent of GDP in this budget. That is a very high level historically. And, of course, the reason for it is the tremendous economic downturn, the need to provide stimulus to the economy, to provide lift. So spending is at a high level as a share of the gross domestic product in 2009.

You can see each and every year we step it down until 2012, and then basically it stays at that level for 2013, 2014, at about 22 percent of GDP. So we are going from 27.6 percent of GDP this year to 24.5 percent in 2010, down to 23.3 in 2011, and then basically stabilize at 22 percent of GDP through 2014, again getting down to our target of a deficit of less than 3 percent of GDP in the fifth year.

Again, on spending, to go into some additional detail, breaking down discretionary spending, as you know, in the budget we have mandatory spending, things such as Social Security and Medicare. Those are mandatory programs, mandatory in the sense that if you qualify, the Federal Government pays for what you have coming. Discretionary programs are programs that are open for the Appropriations Committee to adjust every year. If we look at the discretionary side of our budget, we can see, on defense, we are providing the full request by the President, a 3.8-percent increase. Internationally, we are not providing the President's full request because of the diminished resources available to us. So we cut the President's request by $4 billion. We are still providing an increase of almost 18 percent. Why are we giving such a large increase to international accounts? The reason is quite simple. We are engaged in two wars.

The Secretary of State called me the weekend before this weekend at home. The Secretary of Defense called me at home. Both delivered the same message. They were a little unhappy, disappointed that I was cutting international accounts by $4 billion from the President's request. They emphasized the importance of these increases because what has been done before is to make supplemental requests outside the budget. This President said no more of that. We are going to be direct. We are going to be open in the money we are requesting. These funds are needed to deal with Iraq and Afghanistan and Pakistan and other threats we are facing around the world.

Interestingly, I have never before, in my 22 years in the Budget Committee, had the Secretary of Defense call me to support the budget for the State Department. Why would the Secretary of Defense call me and ask me to increase what I have provided for in the international accounts? He told me: There is a lot that is being spent out of the Defense Department budget that should be spent out of the State Department budget for activities in Afghanistan and Iraq. President Obama has put those categories of spending where they belong, and it ought to be supported. Of course, I have great respect for them both. I had to tell them: When you lose $2.3 trillion, you have to make a lot of changes to make it add up. So I felt compelled to reduce these accounts from the President's request.

Domestic spending, we increase by 6 percent. The President asked for more in that category. Again, we simply could not make the numbers work without making reductions.

So the total in this area, $1.03 trillion, is from last year. This year it is $1.08 trillion, for a combined increase in discretionary spending of 5.3 percent. We can see on nondefense discretionary, that combines international and domestic, we are giving a 7-percent increase. The President asked for over 10 percent. Again, I know there are people who are disappointed. I am sorry, but my responsibility is to deal with the reality with which I am presented. The reality I was presented with was $2.3 trillion less in revenue. I have had to make reductions in the discretionary accounts. I have had to make reductions in mandatory accounts. I have had to make changes on the tax side of the ledger in order to get the deficit down to a sustainable level.

Revenue changes in the budget resolution: I have heard some say we have all these tax increases. That is not what the Congressional Budget Office says, when they look at my budget and look at all the proposals and compare it to current law. They conclude that I am providing $825 billion of tax reduction. That is a different story than we hear coming from some quarters. That is not my claim. This is what the Congressional Budget Office finds when they look at my budget and compare it to current law. Why the difference? First, we have extended all the middle-class tax relief provided in 2001 and 2003; specifically, the 10-percent bracket, the child tax credit, the marriage penalty relief. All that is continued in this budget, as well as education incentives. On top of that, alternative minimum tax reform costs $216 billion to prevent 24 million Americans from being subjected to the alternative minimum tax. We also have estate tax reform; estate tax reform at $3.5 million an individual, $7 million a couple. Those people who have estates of less than that amount will pay zero in estate tax. Over 99 percent of the estates in America will pay zero, nothing, not a penny. That is a reform that needed to be made. It is included in this budget. The President called for it, and we have adopted it.

We also have a series of business provisions and the so-called tax extenders, things that need to be adjusted every year. We do it in this budget for a subtotal of tax relief of $958 billion. We have an offset to that, certain loophole closures, shutting down abusive tax havens, abusive tax shelters, offshore tax dodges that will raise $133 billion for total tax cuts of $825 billion.

In the President's budget, he has recommended that we not continue all the tax relief contained in the 2001 and 2003 acts for people earning over $250,000 a year. We have adopted that recommendation in this budget. All of the middle-class tax relief from 2001 and 2003 is here. It is funded. It is provided for.

In addition, the President called for additional tax reductions for middle-class people, the so-called make work pay provisions. Two years of that is already funded in the economic recovery package. So that will continue for the next 2 years. The President wanted to make that program permanent. Again, we could not do that in light of the new forecast. So we have provided that those make work pay provisions can be extended, if they are paid for. They will continue for the next 2 years, but after that, if they were to be extended, they would have to be paid for.

We also provide for important budget enforcement in the budget resolution. We have discretionary caps for 2009 and 2010. We maintain a strong pay-go rule. We have a point of order against long-term deficit increases, a point of order against short-term deficit increases. We allow reconciliation for deficit reduction only, which was the original purpose of reconciliation. We provide a point of order against mandatory spending on an appropriations bill; no backdoor stuff that used to go on, people raiding the Federal Treasury by coming in here and changing mandatory spending on an appropriations bill.

The budget resolution also addresses our long-term fiscal challenges in these ways. No. 1, we have the health reform reserve fund. That is absolutely the key element to dealing with our long-term buildup of deficits and debt. That is the part of our spending that is absolutely out of control. The only way to get it back under control is fundamental health care reform which is provided for in this budget on a deficit-neutral basis. We also have program integrity initiatives to crack down on waste, fraud and abuse and a long-term deficit increase point of order to require 60 votes to increase the deficit long term.

President Obama has said this about the need for further work on our long-term fiscal situation. Let me be clear: The first 5 years—this budget is a 5-year budget—we do quite a good job, a credible job of getting the deficit down. We reduce it by more than two-thirds. We get it down to less than 3 percent of GDP. But the second 5 years of the President's plan, even if we extended our budget for 5 years, is going to require much more effort. We are on an unsustainable course for the long term. In the next 5 years, I think we have done a credible job of moving in the right direction, reducing the deficit by two-thirds. But beyond the 5 years, we have big problems on the horizon.

The start in this budget to deal with it is health care reform because it is the 800-pound gorilla. But it is going to take more than that. It is also going to take tax reform because we have a tax system that is hemorrhaging to these offshore tax havens, abusive tax shelters and, frankly, a system that is very inefficient at collecting the revenue that is due. If we collected the money that is due under the current Tax Code, we would have no structural deficit. We wouldn't need any tax increase. If we just collected the money that is due under the current tax levels, we would have no structural deficit. The problem is, we aren't collecting the money that is due under the current code. We are only collecting about 75 percent of what is due. A big reason for that is the explosion of offshore tax havens, abusive tax shelters, the tax gap. All those things are rendering the tax system very ineffective.

The President recognizes the need for further action to address the long-term fiscal imbalance as well. He said:

> Now, I want to be very clear. While we are making important progress towards fiscal responsibility this year, in this budget, this is just the beginning. In the coming years, we'll be forced to make more tough choices, and do much more to address our long-term challenges.

That is the truth. We are going to have to do much more in those years beyond the 5 years of this budget.

Finally, I would like to address the question of a 5-year budget versus a 10-year budget. The President sent us a 10-year budget. We have written a 5-year budget. Some have said that is an attempt to conceal the effect of the second 5 years. The President sent us a 10-year budget. It has been fully scored by the Congressional Budget Office. There is no hiding of anything. The President provided us a 10-year budget. I was critical of the previous administration for not providing a 10-year budget because I was concerned they were hiding the effect of their tax cuts in the second 5 years. This President has made no attempt to conceal his 10-year plan. He sent it to us. It has been scored by the Congressional Budget Office. We know what it is.

But Congress, when it writes budgets, has almost always written a 5-year budget. In fact, of the 34 budgets Congress has written under the Budget Act, 30 have been 5-year budgets. Why? Because the projections for year 6 through year 10, the projections for revenues and expenditures for years 6 through 10, have been woefully inaccurate. They have been notoriously unreliable. But never have I seen them more unreliable than right now. That's because of the extraordinary uncertainty we're facing in the near term. Inaccuracies in the forecasts for the next several years will compound into huge differences in years 6 through 10.

So we wrote a 5-year budget that fully discloses the spending and revenue for the 5 years. We did not write a 10-year budget. Congress almost never has. But the President did. And the President's 10-year plan is fully disclosed.

We have done our level best to make changes that were necessary in what the President sent us in order to address his key priorities and at the same time to reduce the deficit in the way that he called for and to reach a deficit that was less than 3 percent of GDP in the fifth year.

I am proud of what we have done. Is it a perfect document? The work of men and women is never perfect. We are flawed. I will confess to that. To me, the greatest flaw is we still have not fully coped with the long-term deficit and debt challenge to this country. Much more will have to be done.

Senator GREGG and I have one proposal. We have a proposal for a task force that would require Members of Congress and the administration—16 of them—to be given a responsibility to come up with a plan to get our long-term deficit and debt condition in order. If 12 of the 16 could agree, that plan would come to Congress for a vote.

I believe it is going to take some special effort, some special structure to deal with these long-term deficits and debt threats. I want to say for myself, I do believe the long-term debt accumulation does fundamentally threaten the economic security of America. While we have a good start in this first 5 years, much more must be done.

Mr. President, I thank you for this time.

I will yield the floor.

Before I do it, I thank Senator GREGG, the ranking member of the Budget Committee. There are many policy issues that divide us. There are some where we are joined at the hip. But Senator GREGG has been a thorough professional in all of the work of the Budget Committee this year. His staff is outstanding as well. I recognize Senator GREGG as somebody who has credibility. He may say some things that are somewhat uncharitable about the budget I am presenting today. I understand that. That is his job. He has strong feelings, and I applaud him for them because that is what we need. If everybody in the room thinks the same thing, nobody is thinking very much. I will tell you one thing, Senator GREGG is thinking. He cares deeply about the economic future of this country, and he is doing his level best to get us on a path that makes more sense. I applaud him for it. But I would be remiss if I did not recognize the professionalism and leadership he has exhibited in the work of the Budget Committee this year. In no way does that mean he endorses this plan. He will make very clear he does not. He strongly disagrees, as is his right. But I do want to recognize the very good working relationship we enjoy.

I thank the Chair and yield the floor.

The PRESIDING OFFICER (Mr. AKAKA). The Senator from North Dakota, Mr. CONRAD, yields the floor.

The Senator from New Hampshire is recognized.

Mr. GREGG. Thank you, Mr. President.

Let me first thank the chairman for his generous comments, and let me second those relative to himself and his staff.

We obviously have a deep difference of opinion as to the best way to proceed relative to shepherding the financial house of our Nation, and especially specifically relative to this budget that has been sent to us by this President. But I have an immense amount of respect for him and his staff, who are professional and extremely courteous, and we have a great personal and working relationship, which actually makes the job much more enjoyable as a result of that.

And, of course, we send to North Dakota our deep concerns about what they are going through with the floods. I know the Senator was out there this weekend supporting the folks who are working so hard to try to protect their communities—an amazing story: 80,000 volunteers in a town of 90,000. It is very impressive. Let's hope the waters recede before they do any more damage.

I should mention that UNH beat North Dakota in the hockey game this weekend in the NCAA. I noticed my colleague from North Dakota did not actually mention that.

Mr. CONRAD. Mr. President, if I could say, our hockey team lost to his hockey team in the last one-tenth of 1 second. I say to the Senator, our Congressman in North Dakota said: We don't want the flood fight to have the same outcome.

Mr. GREGG. Nor do we.

Mr. CONRAD. We don't want to have won this right to the end and then lose it at the end. So even the hockey game has provided inspiration for the flood fight. We wish we had won the hockey game, but it is most important that we win the flood fight.

Mr. GREGG. It was an exciting game, and North Dakota played extraordinarily well.

Mr. President, we do differ on this budget. The budget that has been proposed by the President of the United States has essentially been given its stamp of approval by what has been brought forward by the Senator from North Dakota. There are virtually no differences. As Director Orszag said, they are 98 percent the same, and they are.

This budget, in our opinion, represents a clear and present danger to the financial health of our Nation and to the financial security of our children. It is a budget which spends far too much money, taxes far too much, and borrows an extraordinary amount—it is clearly far too much. It basically repeals the essential laws of common sense—the essential laws of common sense—that say you cannot simply keep spending at a rate that you cannot afford to pay for forever and not have to suffer as a society, and suffer significantly.

Margaret Thatcher sort of captured the tempo of this budget. To paraphrase her, she might have said about this budget: The problem with the Obama budget is that at some point you run out of money.

If you follow the proposals of this budget, you are going to run out of money sooner rather than later. In order to understand this budget, you have to understand the dramatic nature of this budget. Historically, when we have debated budgets in this body, they have been important because they obviously represent guideposts for our Congress, but they have not been a philosophical document that has redirected the Nation fundamentally.

On the part of the President—I give him credit that he is not trying to hide this—his budget openly attempts to redirect the Government of the United States and move it significantly, dramatically to the left, expanding the role of the Government in all sorts of areas, expanding the cost of Government in a historic way, and expanding the burden of the Government in the area of taxes and in the area of borrowing in a way which we have never contemplated as a nation.

To try to put it into perspective, under the budget prepared by the President and sent up here—and it is essentially the same as the budget we are receiving from the Senate Democrats today—the President's budget doubles the national debt in 5 years. That is pretty bad. Then it triples the national debt in 10 years. And that is intolerable.

Now, I have tried to figure out how you explain to people what $1 trillion or what $15 trillion is or what $17 trillion is. It is very hard. Conceptually, it is extraordinarily difficult to get your hands around what $1 trillion is.

As you can see, I had this chart made up when the original estimate was $15 trillion—it went up to $17 trillion—to show the number of zeros here. It is a staggering amount of money that is being added to the Federal debt. You have to ask yourself: Who is going to pay all this money? This is real money. It has been spent on programs the President wants. Who is going to pay it all? Who is going to pay $15 trillion—with all of these zeros?

Well, unfortunately, our children and our children's children get that debt. It gets put on their backs. At the end of the President's budget, the average household in this country will owe $130,000 in debt for the Federal Government—$130,000. They will have an interest payment on this debt—the average household—of over $6,000. So the debt they are getting may actually exceed the value of their house.

Put another way—which was first coined by my esteemed chairman—he designed this wall of debt. This is the wall of debt, as shown on this chart. This is what the Federal debt does over the period of the Obama budget. It goes straight up. It is a massive wall of debt, which is an incredible burden on our Nation, and really an unacceptable burden if you are going to be accurate about it.

To try to put it in a more understandable term, as shown on this chart: This is a picture of President Obama, of course, on the right side of the chart. On the left side of the chart are pictures of all the Presidents we have had in our Nation since our Nation began 232 years ago, starting with George Washington and going through George W. Bush.

In that period, from George Washington through people such as Madison, Adams, Lincoln, Grant, Hayes, Wilson, Roosevelt the first, Roosevelt the second, Truman—in this period from George Washington all the way through George W. Bush, we have accumulated about $5.8 trillion of national debt. That is how much those Presidents added to our national debt.

Within the first 5 years of this Presidency, President Obama will add more debt on the backs of our people and our Nation than all these Presidents put together. Within 5 years, he will have taken the total debt put on the backs of Americans and doubled it since the country began—a staggering fact.

Now, does this have to happen, the addition of all this debt because of the fact that he has inherited a terrible situation? And he has, and we all admit to that; this economy is in a very difficult way. No, it does not. Yes, in the short term there has to be a government that is run at a deficit in a very significant way in order to try to get the economy going because we all understand the Federal Government is, right now, the only liquid entity around here. So the money is being pumped into the economy to try to give it some lift.

But this recession is not going to go on forever. We are a resilient nation. We will recover from this recession. It will be over hopefully sooner rather than later. But it certainly is not going to run that much longer in the terms of this Presidency. Certainly, by the midterm of this Presidency, we should be out of this recession.

So you would presume—you would presume—at that point, say, in 2011 or 2012 at the latest, the spending of the Government and the deficit of the Government would start to come under control, that there would be some attempts to bring it down and manage it in a more historic way.

Unfortunately, that does not happen under this budget. What the President is proposing is that we continue to grow the size of Government at an extraordinary rate, independent of whether we are in a recession. The average deficit over the term of this President's budget is $1 trillion a year—$1 trillion a year. That is a staggering number. To put it in a historical context, that adds up to about 5 to 6 percent of gross domestic product, and historically the deficit has been about 2 percent of gross domestic product. At the end of this Presidency, the public debt, which is what people own outside the Government, will be 80 percent of the productivity of the country—80 percent of the productivity of the country. What does that mean, 80 percent of the productivity of the country? Well, historically, the public debt has been about 40 percent of the productivity of the country, but under this President, he is going to take that public debt very quickly up to 60 percent, then to 70 percent, and then, by the end of the period of the budget proposed, it will be at 80 percent. That is such a high number, when you couple it with the deficits of $1 trillion a year, that you get to a point where it is simply not sustainable. That is why this budget is a clear and present danger to the fiscal health of this Nation and to the opportunities of our children. In fact, ironically, if the United States were to try to seek membership into the European Union—which, of course, we have no interest in doing, but those are all industrialized nations and they do have a standard for operating their governments in a responsible way. The standard of the European Union is, public debt can't exceed 60 percent of Gross Domestic Product, that deficits can't exceed 3 percent of GDP. We will be twice that number, and it is not sustainable.

Now, did this have to happen? Did the President have to run up these debts? If we had stayed on a pure glidepath and done nothing—in other words, operated the Government as it is—as it is—this blue line would be the cost of the Government. We would actually almost be in balance by the year 2018. That is current law. Now, CBO uses very arcane rules as to how it builds a baseline, but it is the baseline that we determine as a Congress to use. I wouldn't accept that baseline as a recipe for future policy because there are some tax increases in there I don't like, but even if you were to factor out the tax increases, the line would come in the middle here. The reason this goes up so significantly, the reason President Obama's budget goes up so significantly in its deficits is because they propose a radical increase in spending. It is pretty much that simple. It is not about economics or taxes; it is about spending. Essentially, the President's proposal is to incredibly increase the size of the Federal Government and the amount it spends, not only in the short run, which we all accept is necessary—although it has been poorly handled relative to the stimulus bill; worse than poorly handled, it has been a waste of money relative to the stimulus bill—but this is the spike in spending to reflect the deficit and the attempt to address it through the stimulus bill. But look here: After we are out of the recession in the year 2011, the line keeps on going way up—way up—to 25 percent of GDP by the end of this budget.

Well, you say, what does that mean, 25 percent of GDP. Well, how big a government is relative to the productivity of the economy defines how productive the economy will be. You can't have a productive economy if the Government is taking out all the money. It doesn't work very well. Historically, we as a country have tried to keep—and this is the black line here, and you will see it has been very level ever since the year 1958—this is the average, this black line, of how much spending the Government has done. It is around 20 percent of GDP, the product of the United States. Under the Obama years, as proposed by President Obama, that is going to be increased at a staggering rate—huge increases in spending.

President Obama is not trying to hide this. He has not tried to be—he has been very open about it. He said, to paraphrase him, essentially: I believe we create more prosperity by expanding the size of Government in a number of areas. In fact, if you listen to the Senator from North Dakota, he listed all these areas they are going to explode the size of Government in, moving it dramatically to the left, and increasing it at an incredible rate. In the budget document he sent, he said exactly that. He said: At this particular moment, Government must lead the way in providing the short-term boost necessary to lift us from a recession that is severe and lay the foundation for prosperity.

He went on to say he intended to do this by spending a great deal of money on his priorities, which were clean energy, education, health care, and new infrastructure. However, he doesn't stop spending the money after this recessionary period; he keeps it going into the outyears at a rate which is not sustainable. It is simply not sustainable. You can't take the money from the productive side—from the people who are working and producing jobs and taking risks and going out there and actually producing wealth for this Nation, in the sense that they are actually producing something we have to sell and use in trade and basically create jobs as a result of that—you can't take the money from them and move it over to the Government at a rate that exceeds the historical norm at this level and expect you are going to be able to maintain prosperity for the years to come. It doesn't work. It does not work. As Margaret Thatcher says, you eventually run out of money.

The effect of this massive increase in spending is a massive increase in debt. This is the national debt, publicly held debt, which I discussed before, as a percentage of GDP. It averages about 36 percent since 1958. That is the black line right here. It has been up, it has been down, but that is the average. Under President Obama's plan, it goes straight through the roof, and this, I say to my colleagues, is the threat. This is the threat. This is the clear and present danger to our people, to our Nation, and to our children's future, because when you get debt up to that level, you are not able to function as a government. People get concerned about buying your bonds and buying your dollars and using your currency.

You don't have to listen to me to find out that is the case. The Chinese Government has made that very clear, and they happen to be the biggest holder of our dollars. In fact, the chairman is always talking about how outrageous it is that the Chinese own so much of our debt. Well, they own it because they considered it to be a good investment, and if they didn't own it, we would be paying a lot more in interest payments and in taxes in this country and our dollar would be less valuable. But Mr. Zhou, the governor of the central bank in China, has said he is getting concerned about this crisis and about the value of our dollar. The Premier of China said: ''We lent such huge funds to the United States and, of course, we are concerned about the security of our assets.''

Well, it is disconcerting and obviously not very nice to find out for us as a nation—one that has always considered itself to be a reasonably independent and strong Nation, the most independent and strongest in the world—that the Premier of China, who owns most of our debt outside the United States, is worried about it.

Why is he worried about it? Why are the Chinese worried about it? Why are the other nations which buy our debt worried about it? Because they look at this line, they look at this budget. This isn't done in a vacuum. They know what this budget proposes. The President's budget proposes massive increases in spending but absolutely no fiscal discipline. It has discretionary spending jumping by $1.4 trillion—trillion—it has mandatory spending, a net mandatory spending increase, as it was sent up here, of $1.1 trillion, and it has zero savings in the core accounts, which are mandatory accounts. That leads to these massive debts.

It also has, interestingly enough, $1.5 trillion in new taxes. Now, that is a pretty staggering figure in and of itself, $1.5 trillion. I was entertained to hear my colleague from North Dakota say: Well, actually, we get a tax cut in this bill. That is going to come as a real surprise to all the people whose taxes are going to go up very significantly as a result of this budget. For small business people, taxes are going to go up dramatically as a result of this budget. People who take charitable deductions and homeowner deductions in the higher brackets, their taxes are going to go up, which will probably affect charitable giving under this bill.

But the most insidious tax proposed in this budget is something euphemistically called a carbon tax. Well, what is a carbon tax? That is a way to bury a term so you never understand what they are doing.

A carbon tax is literally a new national sales tax on your electric bills, a brand new national sales tax. We don't have a national sales tax in this country. What is being proposed in this budget by this President is a brand new national sales tax on your electric bill. So every time you hit your light switch in your house, you are going to get hit with a new tax—a sales tax—and it is a big one. It is a big one. The White House sent this specious estimate of it. They said it was $646 billion, but that was low-balling the number. MIT, which doesn't have a dog in this fight, took a look at a similar proposal, along with a number of other groups, and they said it would actually generate over $300 billion in new taxes every year. It works out to about $3,000 per household. So everybody living in America today who has an electric bill or other energy bills, as a result of this new national sales tax, if the President gets what he wants, is going to pay $3,000 more in taxes a year, on average, for their energy bills. That is a huge tax, and it is an incredibly regressive tax. I saw this chart that the chairman brought up, saying we are going to create green jobs. That is all about this energy tax, by the way. That is akin to calling it a carbon tax; they are going to call it creating green jobs. What are they going to call the jobs they are sending overseas? Because industries in this country, which have to use a lot of electricity—those are the hard-core industries that we still have in this country—can no longer compete because they got hit with this massive increase in taxes on their energy production and use. What are they going to call those jobs? Green jobs sent overseas? The simple fact is, this type of tax increase is incredibly regressive. Sales taxes are regressive by definition, but a sales tax that is targeted on the productive side of the ledger, as this one is, is exceptionally regressive, as is the dramatic increases in taxes on small businesses in this country.

Now, my colleague has said a number of things about how their budget is different from the President's. It is a little bit different, but it is 98 percent the same, and that is the score. I think I have a chart which reflects that. This is the difference between the two budgets. They are identical on discretionary for all intents and purposes, identical on outlays, identical on revenues. Interestingly enough, however, CBO came back and gave us—CBO is the Congressional Budget Office—an honest evaluation of the President's budget, and some of the things they said, which hopefully scared a few people around here, were that the President's budget increased deficit spending by $9.2 trillion over 10 years, $2.3 trillion more than what the President had told us; that on an annual basis, it averages out to a budget deficit of about $1 trillion a year, and that the percent of public debt jumps, as I have mentioned, but it needs to be reemphasized that it jumps from what it is today to 80 percent of GDP. The deficits jump to 5 or 6 percent of GDP.

The administration has had both the Treasury Secretary and the OMB Director up here over the years—the OMB Director has been coming up here for years but the Treasury Secretary just recently—testifying that the deficits in excess of 3 percent weren't sustainable. They said that; we didn't say that.

So when CBO honestly evaluated their budget and did things such as actually calculate the fact that there was 8.1 percent unemployment, and it is probably going to go up and, as the President said, the top rate would be 8.1 percent, but we weren't there yet—when CBO put the real numbers onto the President's numbers and got these massive increases in spending and in debt, well, these folks decided that we cannot have that. They wanted to get that back down to 3 percent. Did they do it by reducing spending or reducing any of the President's spending initiatives? No. Zero. Do you know how they did it? They did it by playing the old-fashioned games around here of smoke and mirrors and hiding the ball, saying one thing but meaning another.

The President, to his credit, and to the credit of Mr. Orszag, was forthright in their budget, which was probably as close to an honest statement—with exception of the defense number—of what was really happening here relative to spending and what was going to happen as we have had in a long time. I congratulated them for that and still do. But we went backward with this proposal from the Democratic leadership. So that they could get it below 3 percent as a percentage of GDP and get their deficit and debt numbers down, they left out of their budget $1.1 trillion of spending and taxes that President Obama had in his. They are not different, so it is just games. They didn't score their budget correctly or honestly or straightforward. Their budget becomes the ''tax too much, spend too much, borrow too much, and now hide too much'' budget. At least the President's budget wasn't a ''hide too much'' budget, although his defense number has serious problems with it. At least he didn't take $1.1 trillion in very illusory action, moving the shell around so that you cannot find the real numbers, claiming they made real savings in those accounts. It is actually just pretty ridiculous to take that step backward.

Of course, they now claim that they cut the deficit in half. Now, that is where we depart from common sense. There are a lot of things on which they tried to repeal the law of common sense in their budget, but this is the most outrageous. First, they increased the deficit fivefold and then they reduce it back to half of that and then claim they are cutting the deficit in half. That is like taking six steps back, three steps forward, and saying you are making progress. You are not making any progress. They are so far out of whack with what has been the historical norm that it is not even acceptable. The deficit they ended up with after taking six steps back and three steps forward is still in the 4-percent range. It is still throwing debt on the books at a rate you cannot afford, and it is absurd to claim that is fiscally responsible.

Well, before I get into what we would do, I will mention a couple of gimmicks that are played here because they are beyond the shell game gimmick, which is pretty outrageous—moving around $1.1 trillion so they don't have to put it on the budget. They take it off budget, essentially, so they can look as if they are doing better than the President, even though they have the exact same policies and numbers as the President, for all intents and purposes.

They do a couple other things. They have reserve funds—lots of them. This is a way to make like you are doing something that is fiscally responsible by saying: You cannot spend this money unless you can pay for it. The only problem is that they make the reserve funds in the most critical area—specifically, health care, which we all know we are going to want to address this year. They create this incredible activity. They put into place a health care reserve fund, which means they are going to rewrite the policy of health care for this country. Every part of this Nation is going to be affected.

You heard the chairman say that 17 percent of the gross domestic product in this country is involved in health care. The purpose of this proposal—the health care reserve fund—is to address that 17 percent. There is virtually nothing in this country that isn't affected by that. Either everyone is directly affected or a member of their family is or their job is.

There is a rule here called pay-go, which has become the mantra of the other side of the aisle about how they are going to be fiscally disciplined. I never heard anyone from the Democratic party or the Congress, including the President when he was running for President and running for Senate, fail to talk about how they were going to use pay-go to discipline the Federal Government because it implies that they are going to pay for what they are doing. It is a great term, by the way. The only problem is, they don't ever use it. They claim they are going to do it, but they never do. I call it ''Swiss cheese-go'' because there are so many holes in it. In the last 3 years, when the Democrats ran the Congress, they avoided pay-go in the amount of $341 billion in spending.

This health care trust fund is a brazen act of putting a hole in pay-go. Up front, they say we are not going to apply pay-go to health care reform. Pay-go has a rule that says that in the first 6 years you have to meet it, and the second 5 years you have to meet it. No, we are not going to do that; we are going to be able to spend it over 11 years before you have to meet the pay-go rules. Why don't you just give it up and say we are not going to discipline ourselves. There is no pay-go rule, and it is a problem.

The second gimmick that really concerns me—it is more than a gimmick—is a big-time exercise of threatening the prerogative of the Senate and the constitutional purpose of the Senate, which is the use of reconciliation. This is a term of art, and nobody outside the Congress really understands it. Essentially, reconciliation was put into the budget process when the budget was created for the purpose of making sure that what the budget said should be spent or should be taxed actually occurs, so that there was a procedure to reconcile—to say to committees if they exceeded a certain amount of spending and it wasn't inside the budget: You must change that spending; if your tax policy created more of a deficit, you must change that tax policy. It is a procedure which, over the years, has evolved. It has been used aggressively by both President Clinton and President Bush to pursue policies that already exist or to adjust policies that already exist—whether it happens to be already existing laws on welfare or existing laws on tax policy. Yes, it has been used effectively and aggressively in those areas. But it has never been used to create a brand new policy on something that has as dramatic and all-encompassing and pervasive effect on the American public as to change the entire health care system or something like that. It has never been used to create out of whole cloth, ab initio, a brand new major tax system, such as a national sales tax on electric bills, and its use is solely a purpose of the Senate. The House doesn't need reconciliation.

How does reconciliation work? It basically eliminates the prerogative of the Senate to amend the bill. The greatest prerogative of the Senate is that we have the right to debate, to discuss, and to amend legislation. The House doesn't have that right. The House has something called a Rules Committee, and it is under the control of the Speaker. The membership of the Rules Committee is made up 2 to 1, plus 1, so the Speaker could never lose a vote in the Rules Committee. The Rules Committee sets out for the House of Representatives when a bill comes to the floor—no matter the policy of the bill—and that you will have this many hours of debate and they will allow this many amendments and here is what they are. They can run through a bill in a half hour if they want. That is the way the House has functioned for years. It is the way the House was supposed to function when it was set up constitutionally. The Senate, on the other hand, has no such rule. When a bill is brought to the floor of the Senate, it is open for debate, discussion, and amendment. If you can get 60 votes, you can get it off the floor.

The budget sets up a process to allow the Senate to function more like the House. The budget is on the floor for 50 hours of debate. Amendments are allowed—any amendment, really, but at some point people run out of energy and stop offering amendments—and there has to be a vote.

In order to reconcile parts of the budget, the reconciliation system was set up where there is 20 hours of debate and virtually no amendments because they would have to be germane, and that is a high standard to meet here.

So the reconciliation situation is that it allows you to basically ram through the Senate—as you would through the House—a bill without amendment, discussion, debate, or amendments. It is a huge weapon. If used incorrectly, it fundamentally undermines the constitutional purpose of the Senate. It turns the Senate into the House of Representatives and makes us a body in which amendments are not allowed and debate doesn't occur, of any significance. It has a truly debilitating effect on the idea that you will have a body in this constitutionally structured Government of economics and balances where debate occurs vociferously and aggressively and where problems can be aired out in a more timely and orderly manner than occurs in the House of Representatives. So it should never be used to ab initio create a massive, new program, such as a tax on everyone's electric bill. It should never be used for the purpose of undertaking a major policy event, such as rewriting the health care of the United States, which will affect everybody.

To the chairman's credit, he doesn't have it in this bill. He understands that. He has spoken out fairly effectively on this point—probably more concisely and effectively than I have spoken on it. But the House of Representatives has put reconciliation instructions in. What earthly reason could there be for the House of Representatives to put reconciliation instructions in their bill? They don't need it; they have a Rules Committee.

It is obvious. This is a game, a very dangerous game. The House puts in reconciliation instructions but the Senate doesn't put it in because the leadership knows that maybe it cannot get that across the floor and doesn't want a vote on such a thing. So they can take it to conference and, much to nobody's surprise, the conference budget comes back with reconciliation instructions, which control activities on the Senate floor.

It is totally inappropriate that the House should be dictating to the Senate how we are going to legislate and structure our debate system here on the floor and try to make us into the House of Representatives. It is unconscionable in the context of the constitutional structure of our Government. Yet that is the game that is being played here, and it is a cynical game. It is totally wrong. If for no other reason, everyone in this body should not vote for a budget that has reconciliation in it.

On our side of the aisle, we think we can do better. I have talked at some length about the clear and present danger this budget represents to our children because of the massive increase in debt. We don't think that has to be the course of action. You don't have to run the spending of the United States up to 23 percent of GDP, which this chart reflects, way above 25 actually, way above the historical norm. That is not necessary. Short-term spending may be necessary for this significant problem we have with the recession, but you do not have to take the Government and expand it radically, move it to the left, and spend money on what these groups are and constituencies are at this rate. The Government should live within the basic historic norm of 20 percent of GDP as part of its spending. That is where we part ways philosophically.

The President genuinely believes, and the party passing this budget, the Democratic Party, generally believes you create prosperity—and the President said it; he used those terms—you create prosperity by expanding the Government significantly in these different areas of social interest. You do not if you are spending up those areas so much that people cannot afford it.

It does not happen that way. The way you create prosperity is by keeping Government at an affordable level, doing what it is supposed to do while you give individuals the ability to go out and be productive, take risks, and create jobs. That is a difference of philosophy here.

When the President proposed in his budget the way he is going to address health care, where we presently spend 17 percent of our gross national product on health care right now—that is 5 to 6 percentage points more than the next closest industrialized nation, so there is a huge amount of money being spent on health care—he proposes we explode that spending by another $1.2 trillion. We don't have to. We can get every American insurance, and good insurance, without radically increasing the amount we are spending on health care. We can do it by more effectively spending the money we already have in the health care system.

If you are spending 17 percent of the gross domestic product on health care, you do not have to take it up to 18, 19, 20 percent. In fact, if you do, you are probably not getting much efficiency out of it. Rather, spend more efficiently the money you are already spending.

We believe as a party that everybody has a right to decent health care insurance, and we also believe as a party we can do that within the context of the money that is already available by being more efficient, by giving people more choices, and by not putting the Government between patients and their doctors. We do not believe in nationalizing the health care system, which is basically what these numbers are, the stalking horse for, that the President is proposing.

In the area of energy, the President's answer to energy is that you put in place a new national sales tax, as I have mentioned before, on every electric bill in this country, everybody's electric bill, so that when you turn on your light switch you get hit with a new sales tax. That is probably not going to produce a whole lot of energy. It is going to probably undermine the productivity of our economy, and it certainly is going to ship a lot of jobs offshore.

The way to produce a better energy policy is to look in an environmentally sound way for more American supply and you can conserve more energy. So we drill, and we can drill in an environmentally sound way in identified offshore areas and produce more American energy. You create more powerplants through using nuclear power, a totally clean form of energy from the standpoint of pollution to our air. You use wind, solar, and other alternatives, but you acknowledge the fact that you cannot possibly get to the goal we have to get to, which is enough energy to continue to maintain our international competitiveness as a nation and continue our prosperity as a nation, if we are just using solar and wind.

Solar and wind make up 2 percent of our national energy supply. If you triple it, you only get 6 percent, and tripling it would be a little difficult because there are a lot of people who do not want windmills in front of their houses, whereas nuclear can be expanded, whereas we can drill and find more American energy more effectively, whereas we can use oil shale, which we have more of than Saudi Arabia has oil, to produce energy more effectively, and we can be more conservation minded, and there is agreement on that, obviously, on both sides of the aisle. But you do not accomplish this by sticking the American people with a brand new national sales tax.

In the area of cost discipline, clearly we do not have to run up spending at these rates. We should bring them back down, and the way you bring them back down is by addressing entitlement spending.

This budget that was sent up by the President of the United States, who claims he is interested in fiscal responsibility—although, obviously, it is sorely tested by the numbers in this budget, these trillions of dollars of new debt—does not, on net, reduce the entitlement accounts. He does suggest that Part D premiums be paid for in part by wealthy people. I agree with that. We have actually offered that amendment on our side of the aisle for the last 2 years under this Democratic Congress and were beaten every year on that proposal. I am glad the President is on our side this time. Maybe we will be able to adopt it. It is called the Ensign amendment.

The fact is, unless you have a comprehensive approach to disciplining entitlement spending so it is affordable, and we continue to deliver reasonably good quality care and support to senior citizens, we are not going to get these spending issues under control. You cannot kick this can down the road, as the President has said. You have to start, and the President has not started now. This budget has nothing in it to that effect.

In one other area where we would do something significantly different is defense. This budget basically assumes a declining funding of defense for the next 10 years that is significantly less than what is presently funded as a percentage of GDP.

We are at war. I wish al-Qaida was going to go away. I wish these folks who represent such a huge and immediate threat to us, especially if they get their hands on a weapon of mass destruction, did not exist, but they do. They do exist, and they are a threat—a very significant threat. We cannot confront them through goodwill because they are not interested in goodwill. We have to confront them with a military that is properly funded, properly cared for, and properly armed. That, unfortunately, takes money.

The first obligation, the first absolutely most important obligation of the Federal Government is national defense. Yet this budget, first, does not include sufficient funding for the President's war costs and, second, as a practical matter, it simply assumes that you can run the military on the cheap, I guess, and that is a big mistake.

We do have differences, as Chairman CONRAD has said, over how this budget is structured. They come back to this very core issue of debt, of what we are leaving our children, what we are passing on to our children. It is simply not right for one generation to give another generation less than what we received from our parents.

We, as a nation, have always—always—had the older generation pass to the younger generation a better, stronger, and more prosperous nation. Yet we are now on a pathway, if this budget is followed forward, where the debt and the deficits will be so high that our children will not be able to have as good a life as we have had. The cost of maintaining this Government will so burden them their ability to finance a home, buy a home, send their kids to college, or just live a lifestyle that is something of the level and enjoyment and prosperity that we have had will be seriously—seriously—threatened. It is not fair to do that, not fair for one generation to do that to another generation. Yet the numbers do not lie.

I understand the Democrats did not want to show us the second 5 years of the budget. They hid it, along with a lot of other things they hid, in this budget, but the President showed us the second 5 years of the budget. Every American should take pause because when you see the debt go up by $9.2 trillion, when you see the public debt ratio to GDP go to 80 percent, when you see deficits annually of $1 trillion a year on average for as far as you can see, when you see a deficit rate of 5 to 6 percent of GDP, you are talking about a country which is headed toward a fiscal crisis the likes of which we probably have not seen since the Great Depression. It is a country which cannot afford its Government. It is a nation that will be passing on to its children significantly less than was passed on to us.

Mr. President, I yield the floor.

I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. 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. GREGG. Mr. President, I ask unanimous consent that for the remainder of this debate on the budget over the next 50 hours, the time be equally divided under a quorum call.

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

Mr. GREGG. 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. CONRAD. 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. CONRAD. Mr. President, I would like to come back to the argument I continue to hear advanced—that because we have gone from the 10-year budget the President proposed to a 5-year budget, something is being hidden. I don't believe anything is being hidden from anyone.

Of the 34 budgets the Congress of the United States has done since the Budget Act, 30 of them were 5-year budgets—30 of the 34. Only four were 10-year budgets. The reason Congress has tended to do 5-year budgets—not just tended to but overwhelmingly has done 5-year budgets—is that the outyear forecasts are notoriously unreliable; notoriously.

Some have said I criticized the previous administration for not doing a 10-year budget. Indeed, I did—because I believed they were trying to hide the effect of their tax cuts in the second 5 years. But this administration did not do a 5-year budget. This administration did a 10-year budget. There is nothing hidden. It is all out there for anybody to see. The Congressional Budget Office has scored the President's 10-year budget. Some of us have expressed concern about the second 5 years.

People get in a habit around here and they get used to doing something a certain way, they get used to criticizing budgets a certain way so they keep doing it. It was legitimate to criticize the previous administration for not doing a 10-year budget. It was legitimate to suggest they might have something to hide. But this administration did a 10-year budget. We in Congress—remember, ultimately the budget is a congressional act. The President does not have to sign it. It does not become law. Congress has almost always done a 5-year budget; 30 of the 34 budgets written under the Budget Act have been 5-year budgets, including the last 5, including 2 in which Senator GREGG was the chairman. Again, it has been done that way, number one, because the outyear forecasts have been notoriously unreliable and, number two, because we do a budget every year.

In fact, there is some question whether a 5-year budget is required because we are going to do a new budget every year. So what matters the most in any budget is the first year.

But I did wish to address that because I see this criticism. I saw it in the David Broder column. I have immense respect for him. I saw it in the David Rogers column. I have immense respect for him. But I don't think the criticism applies in this particular situation. Nobody has been more clear, publicly or privately, than I have that the second 5 years of the Obama budget raises a real concern about the sustainability of our fiscal direction.

Let me just say, if you took my budget, which is a 5-year budget, the budget that came out of the Budget Committee, and extended it for 10 years, you would see dramatically lower deficits and debt than in the President's budget. In fact, I believe the first 5 years we have saved $600 billion from the President's proposal. In the second 5 years the total savings—for the 10 years, if we extended our budget 5 years, would be over $2 trillion. That is just in the nature of the beast. You know, the savings grow over time. We have put in $600 billion of savings in the first 5 years.

With respect to the question of spending, we are only increasing domestic spending—and that includes defense, that includes international, and that includes domestic spending in the appropriated accounts—5.3 percent. That is a modest number. Some of our friends on the other side want to absolutely freeze spending. I say to them I think that would be a serious mistake in an economic downturn, to absolutely freeze spending. In this situation, where the economy is contracting sharply, consumers cannot fill in the gap. They are tapped out, and they are worrying about losing their jobs. Companies cannot fill in the gap because they, too, are threatened. The only entity with resources to step in, to fill the breach, is the Federal Government.

One of the things we learned in the Great Depression was that profound mistake that was made was not necessarily on the fiscal policy side—although that didn't help—but the biggest mistake was on the monetary policy side controlled by the Federal Reserve. They did not expand the money supply. They did not provide liquidity to prevent the contraction from deepening, from growing, and from becoming far more destructive.

Thank goodness we have learned. That is not what is happening here. The Federal Reserve is providing liquidity, and that is on the monetary side. On the fiscal policy side, we did pass a large stimulus package—as imperfect as it was. We provided a large stimulus package to help fill in some of the gap between where the economy should be and where it is, the gap that was exacerbated by a more than 6-percent contraction in the economy in the fourth quarter of last year.

I believe we are doing many of the right things—again, however imperfectly. If I were able to design the stimulus package, I must say it would have been much different. I would have put much more money into infrastructure. I believe that would have been a better way to stimulate the economy. Even so, there was substantial infrastructure in the stimulus package. Not as much as I would have preferred but, nonetheless, a significant amount. Additionally, I think the Federal Reserve is going in the right direction with respect to the policies it is pursuing in terms of providing liquidity and credit.

When we talk about Hoover economics that our colleagues on the other side of the aisle embraced back in the 1930s, the fundamental assumption was that markets were self correcting. That is what Hoover economics was founded upon, the notion that the Federal Reserve did not need to take countercyclical action and that the Federal Government did not need to take countercyclical actions in terms of helping people who were unemployed. Hoover opposed providing that kind of Federal Government assistance.

Today we know that such assistance actually one of the most stimulative things you can do because that money gets into the economic bloodstream very quickly. It gives lift to the economy, it reduces the size of the contraction, it reduces job loss, it reduces more and more homes going into foreclosure because people can't pay their mortgage, it reduces the vicious cycle that can suck down an economy.

I just wish to be clear. When we have been critical of their stance against stimulus, their stance against doing the things that are being done by the Fed, they have this mantra they chant. Too much spending—let me look at our budget in terms of spending. In the short term, yes, spending increases because you are countering the cycle of the economy, so we are up to 27 percent of GDP in spending this year. But then we step it down to 22 percent of GDP, of gross domestic product, by the fifth year. So that is going in the right direction—even for our friends on the other side.

They say too much taxes. Let me remind them, in the President's proposal, on a net basis, according to the Congressional Budget Office, his budget cuts taxes $2.2 trillion. That is a 10-year budget. Our budget on a 5-year basis cuts taxes $825 billion, on a net basis. Yes, there are some tax increases on those of us who are high-income earners. Yes, we have our taxes increased somewhat. But on an overall basis, the President's budget has significant tax cuts from current law, as does the budget that is before us now.

Third, they say too much debt. Look, I am in agreement with them. But where were they in the good times during the Bush administration, when they doubled the debt of this country? They doubled the debt of this country when economic times were relatively good—until the end of the Bush administration when the economy collapsed. That is what this President inherited. He inherited an economy that was in full collapse: It declined 6 percent in the last quarter of last year; an economy that was in free fall; an economy with a housing crisis, a financial crisis, a banking crisis, and a fiscal crisis.

I say to my friends on the other side, it was their policies that put us in the soup. It was their policies of doubling the debt, of tripling foreign holdings of U.S. debt, that put us in this ditch. Now this President has to try to clean up the mess and part of cleaning up the mess is higher deficits and debt in the short term. That is unavoidable. That was already happening in a very dramatic way before this President ever took office. He inherited a deficit. If he had done nothing, he would have inherited a deficit this year of $1.3 trillion. That is after our friends on other side had already doubled the debt over the previous 8 years, and, worse, tripled foreign holdings of U.S. debt. Now we have China as the biggest creditor and our friends here say: Gee, China might not continue to finance our debt.

My friends, where were you? I warned about that starting in 2001. Anybody can review the record. You can go back and look at what I said on the public record over and over and over, that we were headed for big problems financing our debt. The party on the other side did not seem to respond.

Now, all of a sudden, they are concerned about the debt they have passed on to this President. That is not fair. I am plenty willing to say, as I have said publicly, the second 5 years of the Obama budget needs a lot more work. We are going to have to do a lot more to keep the deficit going down. But the first 5 years is a good start for the President's budget and ours is even somewhat better. In fairness to him, we had to make additional adjustments in his budget because the Congressional Budget Office said we lost $2.3 trillion in revenue—$2.3 trillion from the forecast the President was working off of that was made some time earlier.

I hope, in this debate, we do not try to lay at the desk of this President, who has been in office less than 3 months, disasters he inherited. No. No, we are not going to let that happen. That is not going to go unconfronted because that is not fair. This President walked into more crises than I can think of confronting any President, going back to Franklin Delano Roosevelt—a housing crisis deeply underway before he ever took office, a banking crisis deeply underway before he ever took office, a financial crisis deeply underway before he ever took office. So let us be fair in this debate and discussion about where responsibility lies.

Barack Obama, President Obama did not create any of these problems. He has been asked to clean up the mess and an incredible mess it is.

One other point I wish to make, and a place where I do strongly agree with Senator GREGG, is the need to do much more for the long term. That is why he and I have proposed a 16-member task force given the responsibility and the authority to come up with a plan. If 12 of the 16 could agree, that plan would come to the floor for a vote because I do not believe we are going to get through this without special measures and special procedures and a process to take on this long-term debt bomb that overhangs our country. But let's be fair about who is responsible for building the foundation of this mess. It does not lie at the feet of President Obama.

I see the Senator from Alaska. Is the Senator seeking time?

Ms. MURKOWSKI. I am, in morning business.

Mr. CONRAD. This would be a perfect time. I would be happy to yield the floor and give her an opportunity. While the Senator is getting ready, she has, as the Chair knows, has had a skiing accident. We are glad to see she is up and ambulatory and here at work. We are delighted she is back.

I yield the floor.

The PRESIDING OFFICER. I think we will soon see that the Senator from Alaska is not only ambulatory but her vocabulary is working quite well.

The Chair recognizes the Senator from Alaska.

Ms. MURKOWSKI. Mr. President, I ask unanimous consent to speak as in morning business.

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

MOUNT REDOUBT ERUPTION

Ms. MURKOWSKI. Mr. President, today I am rising to talk about an issue that has captivated my constituents in the State of Alaska. We have got a mountain that is erupting. Mount Redoubt, which is located about 150 miles southwest of Anchorage, our largest community, has been more than active in the past week or so generating a great deal of press, a great deal of interest, and a considerable amount of impact in my State. So I wanted to take a few minutes this afternoon to talk about what is happening up North, talk a little bit about the importance of volcano monitoring.

I think we are all aware that there have been some recent comments made about Federal spending for volcano monitoring, and the suggestion that perhaps this might be wasteful money in that we do not have any need to be monitoring volcanos.

I can assure you that monitoring volcanos is critically important to the Nation, to the world, and particularly to Alaska right now, where, as I say, we are being held hostage by a volcano.

A little bit of a personal note here. This afternoon—my boys' spring break concluded last evening. We have been up in the State enjoying spring skiing. And they are grounded by Mount Redoubt. They may be home Wednesday evening. Now, others might think this is a bad thing, but for these young pages here this morning, when you are 17 and you are shut out of school for an additional 3 days after spring break concludes, and you have to stay in Alaska and keep skiing, maybe the volcano is not a bad thing.

But there is a very serious aspect to what we are talking about. Mount Redoubt has erupted 17 times now since March 22. And when it was initially under watch, you would see the steam and the haze coming off the volcano. But then we started to see some pretty significant eruptions, eruptions that would go 65,000 feet up into the air.

This is a picture of Mount Redoubt. This was actually taken back in 1989, the last time Mount Redoubt was active. But what happens is these plumes go straight up into the air, get caught by the jet stream at 40- or 65,000 feet, and then that ash is dispersed throughout the State.

What we have been seeing up North this week, and actually for about the past 10 days, is the cancellation of air flights, complete closure of the Anchorage International Airport over the weekend. Alaska Airlines alone has canceled about 230 flights. It has affected about 10,000 passengers, including my boys.

What is happening as a result of this volcano does become quite personal. We have school districts down in the southern part of the State where they have experienced the ash fall-out, where the students have dust masks, respirator masks so they are not breathing the ash that is coming through.

Home Depot made a point of staying open 24 hours a day so people could get the masks, the ventilator masks, get tape to put around their windows, around the doors, because this ash, this particulate is so fine that it comes underneath and into your home, it gunks up your computers, it clogs your car engine.

It is most worrisome, most threatening, though, with airplane engines, the ash itself, this particulate that is like ground-up stone and has this very debilitating effect of messing up your engine. So what is happening is at the airports, the engines of the airplanes, if they are not inside, which we do not have the capacity for, are being wrapped in Saran Wrap—more sophisticated than Saran Wrap but having to be wrapped. Our military at Elmendorf and Ft. Richardson is looking to relocate their assets, so that these very fine precision aircraft are not in harm's way.

A lot is happening as a result of this volcano and the series of eruptions. The volcanoes in Alaska make up well over three-quarters of U.S. volcanoes that have erupted in the last 200 years. About 50 volcanic eruptions occur around the world every year. This is according to USGS. It seems like a high number, but most of them are not eruptions that make much in terms of headlines.

The United States ranks third, behind Indonesia and Japan, in the number of historically active volcanoes. That is why it is so very important to fund volcano monitoring, which in Alaska is through the Alaska Volcano Observatory. The AVO, as I call it, is one of five volcano observatories in the United States. It is a joint program of the USGS, the United States Geologic Service, the Geophysical Institute of the University of Alaska-Fairbanks, and the State of Alaska Division of Geological and Geophysical Surveys. The AVO is unique in the United States, and probably in the world, in that it is a thoroughly collaborative undertaking of Federal scientists, State scientists, university faculty, and students.

AVO was formed in 1988, after an eruption of Mt. Augustine, and uses Federal, State, and university resources to monitor and study Alaska's hazardous volcanoes, to predict, to give that early warning, and record eruptive activity, and also to mitigate volcanic hazards to life and property.

Alaska has over 30 active volcanoes that are currently being monitored by the AVO. There is no other observatory in the world that even comes close to that. The AVO also analyzes available satellite data twice daily from thermal anomalies and ash plumes at about 80 volcanoes in the North Pacific. Russian volcanos frequently put ash into areas where the United States has aviation safety responsibilities. Alaska's active volcanoes also offer superb opportunities for basic scientific investigation of volcanic processes. An important component of AVO's program is to conduct research at selected volcanic centers.

Now, I mentioned the hazard to air traffic. I think it is important for people to understand that when we are talking about volcanic ash being in the air and being distributed, it is not just something that is dirty and an annoyance, but it has the potential to be life threatening and absolutely deadly. If the jet engines ingest the volcanic ash, the potential for catastrophe is very real.

Back in 1989, December 15 of 1989, there was a Boeing 747 flying about 150 miles northeast of Anchorage and it went through the ash plume that had erupted from the Redoubt volcano. It was flying at night so they could not see they were flying into an ash cloud.

We did not have the monitoring process, so the pilots were flying on through and it sucked in the ash at—I am not entirely certain what altitude they were flying when they first encountered the ash—but the plane, with 231 passengers aboard, lost more than 10,000 feet elevation. All four engines lost power. And they went down 10,000 feet. That is about 2 miles.

Now, we do a lot of flying around here. Next time you are up in that airplane, look down and think about losing all of the power in your 747 and falling out of the sky almost 2 miles before these incredibly skilled pilots are able to restart the engines.

They were able to land the airplane safely, no lives lost, but I cannot imagine what it would have been like to have been a passenger on that jet aircraft. The airplane suffered about $80 million in damage. All four of those engines were shot. And, again, the good news out of the story is that there was no loss of life.

The FAA estimates, based on information provided by the FAA, that more than 80,000 large aircraft per year and 30,000 people per day are in the skies over and potentially downwind of many of Alaska's volcanoes, mostly on the heavily traveled great circle routes between Europe and North America and Asia. It is along this route, which coincidentally follows the northern portion of the Pacific Ring of Fire, that there are over 100 volcanoes capable of depositing ash into the flight path. Some are in Japan, many are in Russia, but about half of them are in Alaska. And by analyzing the satellite imagery and working with the National Weather Service to predict where the winds will carry the ash, AVO assists the FAA in warning aircraft of areas to avoid.

Volcanic eruptions from Cook Inlet volcanoes—these are right around the south central area: Spurr, Redoubt, Iliamna, and Augustine—can have severe impacts, as these volcanoes are nearest Anchorage, which is obviously our largest population center.

Back in 1989, when Redoubt blew before, I was working in an office, and essentially we were shut down because the ventilation system needed to be turned off, computers needed to be turned off and covered. The impacts economically and in all ways are very real.

The last major series of eruptions of Mt. Redoubt were in 1989 and 1990. These eruptions totaled 23. So right now with Redoubt we are already up to 17. The 23 that took place in 1989 occurred over a 6-month period. We are seeing 17 eruptions over a period of about 10 days.

These eruptions seriously affected the population, commerce, and oil production throughout Cook Inlet and air traffic about as far away as the State of Texas. Total estimated economic costs were about $160 million, making this eruption of Redoubt the second most costly in U.S. history after Mount St. Helens. It had significant impact on the aviation and oil industries as well as on the people of the Kenai Peninsula.

As mentioned, this volcanic ash is fine bits of abrasive glass that can damage lungs, it can damage vehicles, electronic equipment. Right now, as we speak, in the area just outside of Anchorage, at Mount Alyeska, where I was a couple of weeks ago, we are hosting the U.S. National Ski Championships. We have got some of the country's finest athletes who are performing on that hill. They cannot race if they are breathing in this volcanic particulate.

The Redoubt eruption also damaged five commercial jetliners. This was again back in 1989. It caused several days' worth of airport closures and airline cancellations in Anchorage and on the Kenai Peninsula. Drifting ash clouds disrupted air traffic as far away as Texas.

International volcano monitoring is also a role of the Federal Government. It helped, very likely, to save many lives, and significant money, in the case of the 1991 eruption of Mount Pinatubo in the Philippines, where the United States had military bases at the time.

The eruption back in 1991 lasted more than 10 hours and sent a cloud of ash as high as 22 miles into the area that grew to more than 300 miles across.

The USGS spent less than $1.5 million monitoring the volcano and was able to warn of the impending eruption which allowed the authorities to evacuate residents, as well as aircraft and other equipment from U.S. bases there. The USGS estimates that the efforts saved thousands of lives and prevented property losses of at least $250 million.

It is not enough, though, to justify a program by identifying a danger. The more important question is whether something can be done to reduce the impact of a volcanic eruption in terms of property damage and loss of life. That means getting people out of harm's way by providing advanced warning. That is exactly what the USGS Volcano Hazards Program seeks to do through the existing volcano observatories in the United States. Some may say there is an abundance of caution going on right now by shutting down the airport, by cancelling flights, by diverting flights. But as a mother whose sons are there and going to be relying on air travel, I want to make sure that we err on the side of caution.

I want to make sure we are using those scientists who will tell us exactly when it is safe to be back up flying.

The advances made in monitoring can now provide much more accurate and timely predictions of eruptions. Back in 1989, AVO was only able to provide a few days' warning before Mount Redoubt erupted. This year, they began to detect activity and notified the public a couple months before it eventually erupted. The biggest challenge remains finding an adequate and stable source of funding. The USGS Volcano Hazards Program has been constantly underfunded. Both USGS and the FAA provide funding, but it is not enough to manage all of the observatories or provide for an expansion of the system to cover increased monitoring and volcano research.

It is because of inadequate funding and the critical importance of this program that I intend to introduce a bill that will provide funding stability volcano monitoring needs. This program shows that with a modest investment, a very large benefit can be produced in reducing the impacts of catastrophic events. My legislation will establish a national volcano early warning and monitoring system within the United States Geological Survey to monitor, warn, and protect citizens from undue and avoidable harm from volcanic activity. USGS will coordinate a management plan with other relevant Federal departments, including the Department of Transportation, FAA, the National Oceanic and Atmospheric Administration, the Department of Homeland Security, and the Federal Emergency Management Agency. The legislation authorizes appropriations annually to the Department of Interior to carry out the act.

I appreciate the attention given me on this issue this afternoon. As I mentioned, all eyes are upon the State of Alaska right now as we watch this volcano, but this is not the only one we are actively monitoring and watching. We want to make sure that not only the residents of the State of Alaska are provided a level of safety through monitoring and warning but any of those who may be endangered because of Mother Nature doing what Mother Nature does on a very unpredictable trajectory. So what we are attempting by introduction of legislation to establish the national volcano early warning and monitoring system is good, and I look forward to having the support of my colleagues on this very important matter.

I yield the floor and suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Mr. CONRAD. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CONRAD. Mr. President, I wish to go back for a moment to the question of a 10-year budget versus a 5-year budget, because I have heard so many questions raised about why we did a 5-year budget rather than a 10.

Again, the Congress has done 34 budgets under the Budget Act, 30 of which have been 5-year budgets. A key reason has been that the longer term forecasts are notoriously unreliable. CBO said the current forecast ''has greater than normal uncertainty.''

> CBO'S current forecast, particularly for the near term, is subject to a greater than normal degree of uncertainty . . . Both the magnitude of the contractionary forces operating in the economy and the magnitude of the government's actions to stabilize the financial system and stimulate economic growth are outside the range of recent experience.

The Federal Reserve Chairman, Mr. Bernanke, said the economic outlook is subject to considerable uncertainty.

> This outlook for economic activity is subject to considerable uncertainty . . . One risk arises from the global nature of the slowdown.

He went on to say:

> If actions taken by the Administration, the Congress, and the Federal Reserve are successful in restoring some measure of financial stability—and only if that is the case—there is a reasonable prospect the current recession will end in 2009 and that 2010 will be a year of recovery.

Again, very small differences have very big effects over time.

Senator GREGG himself said in March of this year:

> Ten-year forecasts are very much a guess . . .

That is why almost every time the Congress does a 5-year budget rather than a 10-year budget. In fact, the last five budgets done by Congress, including three under Republican chairmen, have been 5-year budgets.

Now, there has been some suggestion by columnists that doing a 5-year budget suggests you are hiding something. Again, I want to emphasize, President Obama came forward with a 10-year budget that has been fully scored. Nothing is being hidden from anybody. That score is out there. It is available. It is public. So there is nothing being hidden. And Congress has almost always done 5-year budgets just because of the extraordinary uncertainty of those outyears.

I also want to say, for a moment, those who argue that this budget has too much spending are up against the factual record. The factual record is that in this year, the spending will be 28 percent of gross domestic product. We bring that down very sharply in the first 3 years. We get it down to 22 percent of GDP by 2012. Again, there is a deficit in the fifth year of less than 3 percent of GDP, which the economists tell us is critical to having a sustainable debt.

Let me say my own view. I believe we have to do better than that. I believe we have to do better than that. I believe the outyears under any of the budgets are unsustainable. I believe we have to have some special process such as the one Senator GREGG and I have proposed, and I am completely open to other suggestions about how we deal with the entitlement reform and the tax reform we so badly need.

I see our colleague, Senator MCCAIN, is now in the Chamber. We advised his office we would like to get him in at about this hour, so I would be happy to take a break and give Senator MCCAIN a shot at this.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I thank my friend from North Dakota, and I thank him for his hard work under very difficult circumstances.

Obviously, the debate begins on the budget resolution for fiscal year 2010. Like the President's plan, the measure offered amounts, in all candor, to generational theft. It increases spending by $225 billion over current levels, raises at least $361 billion in taxes, and borrows $1.1 trillion more than what we expect to borrow under current law.

But unlike the President's plan, the resolution budgets for 5 years. Now, I would like to say, in deference to my friend from North Dakota and members of the Budget Committee, I am aware that in previous years a 5-year budget process has been generally the way to do business. There are years where we have used 10 years. The President's budget was 10 years. In these difficult times, given the circumstances under which we are laboring, I think we do a disservice to not do a 10-year budget. So budgeting for only a 5-year period in many respects hides the costly expansion of Government that is sure to take place after 2014.

As we go through this debate—and I notice the Senator from North Dakota has many charts—I will be bringing forward some charts that show the dramatic expansion in cost for a whole variety of reasons, including demographics and more and more baby boomers retiring, which, as the President's chief budget person, Mr. Orszag, has stated, is ''not sustainable.''

The Senate owes it to the American taxpayer, in my view, to produce a 10-year budget that shows the unsustainable fiscal path we are on and the terrible burden we are passing on to future generations because of the explosive debt it produces.

The Senator from North Dakota, the distinguished chairman of the Budget Committee, just mentioned a proposal for a commission for reform of Social Security and Medicare, and I agree with him. But I would also argue that on the issue of Social Security we could all sit down in a matter of hours and address the issue of Social Security. We know the factors that are involved. We know what the costs are.

We know the fixes that basically are necessary. And it would have to be done in the spirit of compromise, as Tip O'Neill and former President Reagan did way back in 1983, the last time there was any significant reform to Social Security. Medicare and Medicaid and health care is obviously a much more complicated issue.

In an op-ed entitled ''Hiding a Mountain Of Debt'' from yesterday's Washington Post, David Broder, who, in my view, is perhaps the most respected columnist in America in many ways, and certainly the most experienced, wrote:

[T]he Democratic Congress is about to perform a cover-up on the most serious threat to America's economic future. . . .

The Congressional Budget Office sketched the dimensions of the problem on March 20, and Congress reacted with shock. The CBO said that over the next 10 years, current policies would add a staggering $9.3 trillion to the national debt—one-third more than President Obama had estimated by using much more optimistic assumptions about future economic growth. . . .

The ever-growing national debt will require ever-larger annual interest payments, with much of that money going overseas to China, Japan and other countries that have been buying our bonds.

Reacting to this scary prospect, the House and Senate budget committees took the paring knife to some of Obama's spending proposals and tax cuts last week. But many of the proposed savings look more like bookkeeping gimmicks than realistic cutbacks. . . .

But the main device the Democratic budgeteers employed was simply to shrink the budget ''window'' from 10 years to five. Instantly, $5 trillion in debt disappeared from view, along with the worry that long after the recession is past, the structural deficit would continue to blight the future of young working families.

Mr. President, I ask unanimous consent to have the David Broder column that appeared in the Washington Post yesterday printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 27, 2009]

HIDING A MOUNTAIN OF DEBT

(By David S. Broder)

With a bit of bookkeeping legerdemain borrowed from the Bush administration, the Democratic Congress is about to perform a cover-up on the most serious threat to America's economic future.

That threat is not the severe recession, tough as that is for the families and businesses struggling to make ends meet. In time, the recession will end, and last week's stock market performance hinted that we may not have to wait years for the recovery to begin.

The real threat is the monstrous debt resulting from the slump in revenue and the staggering sums being committed by Washington to rescuing embattled banks and homeowners—and the absence of any serious strategy for paying it all back.

The Congressional Budget Office sketched the dimensions of the problem on March 20, and Congress reacted with shock. The CBO said that over the next 10 years, current policies would add a staggering $9.3 trillion to the national debt—one-third more than President Obama had estimated by using much more optimistic assumptions about future economic growth.

As far as the eye could see, the CBO said, the debt would continue to grow by about $1 trillion a year because of a structural deficit between the spending rate, averaging 23 percent of gross domestic product, and federal revenue at 19 percent.

The ever-growing national debt will require ever-larger annual interest payments, with much of that money going overseas to China, Japan and other countries that have been buying our bonds.

Reacting to this scary prospect, the House and Senate budget committees took the paring knife to some of Obama's spending proposals and tax cuts last week. But many of the proposed savings look more like bookkeeping gimmicks than realistic cutbacks. The budget resolutions assume, for example, that no more money will be needed this year to bail out foundering businesses or pump up consumer demand, even though estimates of those needs start at $250 billion and go up by giant steps.

Republicans on the budget committees offered cuts that were larger and, in some but not all instances, more realistic.

But the main device the Democratic budgeteers employed was simply to shrink the budget ''window'' from 10 years to five. Instantly, $5 trillion in debt disappeared from view, along with the worry that long after the recession is past, the structural deficit would continue to blight the future of young working families.

The Democrats did not invent this gimmick. They borrowed it from George W. Bush, who turned to it as soon as his inherited budget surpluses withered with the tax cuts and recession of 2001–02. But Obama had promised a more honest budget and said that this meant looking at the long-term consequences of today's tax and spending decisions.

There are plenty of people in Congress for whom the CBO report was no surprise, and some of them have proposed a solution that would confront this reality. Kent Conrad, the chairman of the Senate Budget Committee, and Judd Gregg, its ranking Republican, have offered a bill to create a bipartisan commission to examine every aspect of the budget—taxes, defense and domestic spending, and, especially, Medicare, Medicaid and Social Security. Congress would be required to vote promptly, up or down, on its recommendations, or come up with an alternative that would achieve at least as much in savings.

In the House, Democrat Jim Cooper of Tennessee and Republican Frank Wolf of Virginia have been pressing a similar proposal but have been regularly thwarted.

The roadblock in chief is Nancy Pelosi, the speaker of the House. She has made it clear that her main goal is to protect Social Security and Medicare from any significant reforms. Pelosi has not forgotten how Democrats benefited from the 2005–06 fight against Bush's effort to change Social Security. Her party, which had lost elections in 2000, 2002 and 2004, found its voice and its rallying cry to ''Save Social Security,'' and Pelosi is not about to allow any bipartisan commission to take that issue away from her control.

The price for her obduracy is being paid in the rigging of the budget process. The larger price will be paid by your children and grandchildren, who will inherit a future-blighting mountain of debt.

Mr. MCCAIN. What does the President's budget do? It doubles the public debt in 5 years and nearly triples it in 10 years. As a consequence, beginning in 2019, the Government will spend more on interest than on the defense of our Nation. That is $806 billion on interest, $720 billion on defense. That is eight times more than we will spend on education and eight times more than we will spend on transportation. The budget proposals offered by the President and the Senate Democrats put us on an unsustainable fiscal path and will pass on to future generations an unprecedented level of debt they will never be able to afford.

We should not take lightly the significant impact our mounting debt has on our future financial stability and security. Currently, China owns nearly $2 trillion of our debt, and because of the global economic downturn, the Chinese are now focused on pumping their money into their own economy. I believe one of my colleagues said it best when he warned: ''The only thing worse than China holding so much of our debt, is China declining to finance any more of our debt.''

Buying our national debt is no longer a very attractive investment for the Chinese and, given the explosion of debt currently envisioned in the President's budget, an even less inviting one in the future. We see evidence of this approaching predicament brought on by their well-founded concerns about the dollar's declining value and in China's recent suggestion that the world should consider a new international currency to replace the dollar.

Here are some cold, hard facts: Our current national debt is $10.7 trillion. The projected deficit for 2009 is $1.7 trillion. The total cost of the stimulus bill enacted last month is over $1.1 trillion. We gave the Troubled Asset Relief Program, known as TARP, $700 billion, but everyone expects the administration will request up to an additional $750 billion or more. President Obama recently signed an Omnibus appropriations bill totaling $410 billion. The Federal Reserve recently pumped another $1.2 trillion into our markets, and the President has submitted a budget request of $3.6 trillion.

Just today, we have decided we will keep General Motors and Chrysler alive, when General Motors and Chrysler should go to a prepackaged bankruptcy. They could enter bankruptcy, change the parameters on which they are doing business, and emerge as more competitive and efficient automobile manufacturing corporations that could compete with automobile manufacturing here in the United States, only they are not located in Michigan, they are located in other States. So instead of sending General Motors and Chrysler into the prepackaged bankruptcy they deserve, we now have taken the unprecedented step of firing the CEO of General Motors—a remarkable move by the Federal Government, I think unprecedented in the history of this country. What does the signal send to other corporations and financial institutions about whether the Federal Government will decide to fire them as well?

But the fundamental issue here is, who is too big to fail? Who is too big to fail in America? And what do I tell the businessperson in Phoenix, AZ, who is about to have to close their doors because they do not have the financing and they have not been bailed out? Who is too big to fail and who is too small to survive? That is why we have seen an outpouring and outrage over the bonuses paid to executives of financial institutions that they neither deserve nor warrant.

The President's budget numbers are simply staggering. On average, he adds $1 trillion to the debt every year for the next 10 years. He produces deficits totaling $9.2 trillion over this period, taking spending from 20 percent of GDP up to 25 percent of GDP. The deficit for fiscal year 2009 will be more than three times the previous record of the biggest deficit. The President's budget also contains $1.4 trillion in tax increases. It resurrects the death tax and, even at this critical time, discourages investment in our economy by raising the top rate on capital gains and dividends by one-third.

If the CBO-projected deficits in the budget's outyears prove close to accurate, by 2019 Americans would owe a debt that is over 80 percent of our gross domestic product—the highest level since 1948—and double our debt's current share of gross domestic product. It would create more debt than under every President from George Washington to George W. Bush combined. As others have already warned, the Nation would be bankrupt, and the America our children and grandchildren inherit would be, for the first time in history, a land of limited opportunities.

Beyond the serious ramifications of the budget numbers, we also need to be concerned about the very real fight we face over reconciliation. The House has included reconciliation instructions for both health care and education. The administration has been clear that it wants climate change added to the reconciliation measures.

I recently read where the administration is considering declaring greenhouse gases a health risk. Just 2 weeks ago, the EPA delivered documents to the White House stating findings that global warming threatens both public health and welfare. If this declaration is made, none of us should be surprised to see changes to environmental law used as an opening to fund universal health care.

I fully recognize that Republicans have in the past engaged in using reconciliation to further the party's agenda. It was wrong then. I wish it had not been done. And I hope and I wish it would not be done now. But the groundwork has been laid. I think this would be a grave mistake. We should be working on the most pressing issues in a bipartisan, thoughtful manner.

We are in the midst of a severe recession. The U.S. Labor Department announced that employers cut another 651,000 jobs in February, raising the unemployment rate to 8.1 percent, the highest since 1983. These statistics are dire and argue for Government's intervention to stimulate the economy. However, it would be an appalling dereliction of duty to use the crisis caused by the global credit crunch, as some members of the administration have suggested, to excuse profligate spending that would not hasten economic growth and that puts the United States on an accelerated path to bankruptcy.

I believe the President's budget has fallen prey to the siren song of short-term expediency. It is bad economics. The antiquated U.S. Code has driven an increasing number of businesses—especially small, dynamic startup ventures—to file their taxes as individuals. Nearly one-half of Americans work in businesses with fewer than 50 employees, and we should focus on keeping those jobs and creating more of them. While the administration argues that a minuscule number of businesses are affected by its proposed tax increases, a majority of small business income will be hit by them. Jobs are where the money is, and increasing taxes on jobs endangers the recovery.

It is a misguided policy toward fairness. Rising inequality is a 30-year process with its roots in skills and education—not tax policy.

Lastly, insulating 95 percent of voters from the consequences of their electoral decisions is dangerous for a democracy. It is also misleading. Does anyone really believe we can expand all nondefense spending to a record share of GDP, reform the health care system that is one-sixth of the economy, reinvent the energy portfolio that powers our lives, and drive next-generation broadband to every home, while cutting taxes for 95 percent of Americans? It doesn't add up, it won't add up, and it won't last.

I fully recognize tough choices need to be made in order to get our country back on course. It is like the old saying, "Everyone wants to go to heaven, but no one wants to die." Except in Washington, it would be, everyone wants fiscal prosperity, but no one wants to force the belt tightening.

For two centuries, Americans have worked hard so their children could have better lives and greater opportunity. Do we really want to reverse that order by having our children work hard so we don't have to make hard economic choices now?

The Federal budget must address the most pressing issues facing our Nation. Among those priorities are keeping Americans safe and the Nation secure, enhancing economic growth and raising standards of living, reducing the burden of debt for the next generation, reforming our health care system, and shifting to a cleaner, more secure energy portfolio. The budget must also ensure that taxpayers' dollars are managed in the most fiscally responsible manner by targeting resources to priorities, spending no more than needed, eliminating waste and special interest projects, and holding the Government accountable to the taxpayer.

We are obviously living in perilous economic times, but with resolute action and clarity of vision, we can emerge from this period with strong job growth, rising incomes, restored confidence, and the ability to meet our patriotic obligation of passing to the next generation the opportunity to make their lives safer, more prosperous, and more enriching than our own. We are in a financial crisis, a housing crisis, and a consumer-led recession. Why, then, does the President's budget envision borrowing trillions of dollars for new initiatives in education and health care, energy, the environment, transportation, and technology without any spending discipline or offsets?

Of course, those programs sound appealing, but whether you support or oppose those long-term goals, addressing our most important and immediate problems should be our urgent priority. We have not devoted resources to the right problems. We have left our principles behind as we deliver check after Treasury check, and we will not be able to continue down this road.

I hope again that we, on both sides of the aisle, can sit down together for a change and work out a bipartisan agreement. I believe with the right kind of preparation and the right kind of work, we could have come up with a budget proposal that took into consideration the concerns of those of us on this side of the aisle. As with the stimulus package, as with the omnibus bill, as with SCHIP, and with other issues that have come before this body, there has not been what the American people want so badly for us to do, and that is to sit down and work together and come up with a common recipe for the common challenges we face that affect all Americans, whether they be Republican or Democrat.

Again, I regret that this budget, after our usual national—well, I won't go into it, but the budget vote-arama, that this budget will go down, will be passed largely on party lines. I regret that. We will have time in the future, as we are facing other issues such as health care reform, issues of climate change and others—energy independence—that we should be able to sit down together. So far we haven't. I wish we had.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the Senator for his observations on the budget. I do wish to indicate the budget before us is different than the budget the President sent us. First of all, the Senator mentioned reconciliation instructions. We have no reconciliation instructions in this budget—not on health care, not on climate change, not on education. My own belief is that was never the purpose of reconciliation. Reconciliation was really designed to be for deficit——

Mr. McCAIN. Mr. President, will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. McCAIN. Does the Senator really believe that reconciliation will not be part of the final budget resolution?

Mr. CONRAD. Well, I would say this to the Senator: I don't know, but I know it is not part of this resolution, and that was rather intense debate, as my colleague can imagine. I have said publicly and privately what I believe. I don't believe reconciliation was ever intended for the purpose of writing this kind of substantive reform legislation such as health care reform, such as climate change.

As people get into how reconciliation actually works, I think they are going to be a lot less eager to pursue it. If I could just give two examples.

Mr. McCAIN. Mr. President, would the Senator yield for another question?

Mr. CONRAD. I am happy to yield.

Mr. McCAIN. I am sure one of the things my distinguished colleague is referring to is that after 10 years, whatever the reconciliation would then expire. But I also would again question whether the Senator is aware that it is accepted as common knowledge that there will be reconciliation in this budget resolution when it is finally passed, whether it contains health care reform, education reform, and/or climate change.

I do acknowledge, again, before my friend answers, that Republicans began this, and it was the wrong thing to do. It was the wrong thing to do. Sometimes you reap what you sow. So I fully acknowledge that.

However, I think to address an issue as serious as health care reform in America, to put it on a budget resolution would be a very serious breach of the customary way the Senate addresses these issues. I thank the distinguished chairman of the Budget Committee for his hard work on this issue for many years.

Mr. CONRAD. I thank the Senator. I would just say I am going to argue strenuously against it in conference committee. The Senator asked me what will be the result. I don't know. Am I going to be able to prevail in the conference committee on this matter? I don't know. But I really do think—I hope colleagues who think reconciliation is the answer will think very carefully about how it actually works.

Anything in reconciliation, first of all, is subject to the Byrd rule. The Byrd rule says any legislative proposal that does not score, that doesn't cost money or save money, is subject to automatic strike. Any provision that the score is only incidental to the policy change is subject to automatic strike.

Our distinguished Parliamentarian has said, if you try to write major legislation in reconciliation, you will be left with Swiss cheese. So I hope people are thinking about that. I know there are attractive features of reconciliation, and it is true I think Republicans abused it in writing the tax reductions because I deeply believe reconciliation was only intended for deficit reduction. So I think it was wrong to have been applied solely for tax reduction during the years the Republicans were in control. I don't think two wrongs make a right. I don't think we should do it for substantive legislation that is really not deficit reduction legislation.

One other thing I wish to say—and I hope people are thinking very carefully about this. The way reconciliation works is there is only one instruction for revenue, one instruction for spending, one instruction for debt in a year. So if you are going to put all of these provisions together, you are going to have education, you are going to have health care reform. You may well have to do those in one bill—in one bill. Now, are we really going to do that? Are we going to have education reform and health care reform put in one legislative vehicle? I think we better think very carefully about that. So I thank the Senator from Arizona for his observations.

I do wish to stress that the budget we have before us is substantially different than the budget the President sent, and there is a simple reason for that. We have $2.3 trillion less over 10 years to write this budget. This is a 5-year budget, so we made $608 billion in changes. In spending alone on the discretionary side, we have reduced discretionary spending over 5 years by $160 billion—$160 billion. We have changed the mandatory side of the equation by $240 billion. We have changed the revenue line by almost $160 billion. So I hope as people look at this budget, they will recognize substantial changes have been made in light of the new forecast. We have attempted to be responsible, and we have gotten the deficit down by two-thirds by the fifth year and less than 3 percent of GDP, which is what all the economists say is necessary to stabilize the debt.

My own strong belief is we need to do even better than that in the second 5 years in light of the retirement of the baby boomers and in light of this enormous debt that has been stacked up. Again, that did not happen—it was not the fault of President Barack Obama. He inherited a colossal debt. He inherited a colossal fiscal crisis, financial crisis, housing crisis. It wasn't his fault. He didn't create it. He is in on the cleanup crew.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The minority whip is recognized.

Mr. KYL. Mr. President, first, let me say the job the chairman of the Budget Committee has is very difficult. I think I can speak for virtually everybody on our side of the aisle when I say there is a lot of respect for the way he has approached this job, especially this year. I, for one, appreciate the comments about the difficulty with the deficits and with the application of reconciliation. I think the chairman is exactly right. There are a lot of issues with reconciliation, and if it is to be used for the purpose as he identified it, if what Republicans did was wrong, then as lawyers say: a fortiori, this would be wrong, meaning it is even more the case because this would be policy that doesn't even relate specifically to taxes, except indirectly.

So I certainly hope the chairman can be successful in his efforts to remove or to ensure that reconciliation instructions are not included as a part of this budget. From my standpoint, primarily because that would effectively take Republicans out of the ball game in terms of helping to write new health care and environmental and energy and education policy, that should better be done on a bipartisan basis, or at least to the extent possible on a bipartisan basis. That would be very difficult to do if reconciliation got involved. So I appreciate his efforts in that regard.

I wish to begin by quoting a statement that President Obama made at a recent press conference:

> The best way to bring our deficit down in the long run is . . . with a budget that leads to economic growth by moving from an era of borrow and spend to one where we save and invest.

That is true. I think it is too bad that the President's budget doesn't meet the test he laid out. It borrows and spends more than any previous budget, and its new taxes will retard economic growth, especially at a time when the stock markets are unsteady, consumers are wary, and unemployment continues to rise, the President's budget should not propose unprecedented spending increases, huge tax increases on individuals, businesses, and families, and deficits as far as the eye can see.

This is not an era of new responsibility. Simply put, the budget spends too much, it taxes too much, and it borrows too much.

First, with regard to spending, we need to remember that middle-class families and small businesses are making sacrifices and tradeoffs in their own budgets every day. But not in Washington. The Federal Government continues to spend trillions of taxpayer dollars on bailouts and new Government programs. This $3.9 trillion budget continues business as usual, making no hard choices about how to rein in out-of-control Government spending. It also marks a nearly 20-percent growth in nondefense Federal spending since the end of 2008. This budget is so big that, according to the Heritage Foundation estimates, 250,000 new Federal bureaucrats may be required to spend it all.

Nor is there any intention of cutting back. This budget does not contemplate one-time investments followed by years of reduced spending. Instead, billions in new outlays will continue indefinitely. So it is not just about massive spending but about the permanent accruement of power in Washington. As the Wall Street Journal recently editorialized:

> With [his] fiscal 2010 budget proposal, President Obama is attempting not merely

to expand the role of the Federal Government, but to put it in such a dominant position that its power can never be rolled back.

Don't be fooled by the word ''investments.'' The lion's share of this new spending is not what a well-run business or IRS would count as an ''investment,'' such as equipment or other tangible assets. Most of the new spending would be for services where long-term value is difficult to measure.

Going to the item of taxes, President Obama said he will cut taxes for 95 percent of Americans. But his budget would raise taxes by $1.4 trillion over 10 years. It not only lets some of the existing tax cuts expire—thus raising taxes—but it implements a new $646 billion energy tax that will impact every American household, regardless of income, and is estimated to increase energy costs for every family by $3,168 annually. It is described as a ''down-payment,'' meaning there is more to come.

This tax is touted as a way to curb greenhouse gas emissions, but there is no way around the fact that it will be a tax on virtually all economic activity, since almost every aspect of our daily lives requires energy from fossil fuels. I recall candidate Obama telling the San Francisco Chronicle that ''under my plan of a cap and trade system, electricity rates would necessarily skyrocket.'' Is this what we need or want—especially in a time of recession?

It is also important to understand that existing expiring income tax relief for individuals is not a new tax cut. When an Arizona family thinks of a tax cut, it assumes it will pay less in taxes from one year to the next. The administration claims that if you don't pay more in taxes, you are receiving a tax cut. This difference, to borrow a phrase from Mark Twain, is like the difference between lightning and a lightning bug.

The budget also increases taxes on half of small businesses with 20 or more employees. So far, during this recession, small businesses have created all of the net new jobs. Why is this tax a good idea?

We are straying too far from the principle that the purpose of taxes is to pay for the costs of Government in a way that does the least damage to the economy. Hippocrates' oath for his medical students to ''first, do no harm'' should also apply to fiscal policy. This budget will not lead to economic recovery. What, in these times, could be more important?

Finally, as to borrowing, there is the deficit. Last year, the deficit was $459 billion. The Congressional Budget Office now projects a $1.669 trillion deficit in 2009. In 5 years, this budget will double the public debt. In 10 years, it will triple the public debt. After bottoming out at $658 billion in 2012—a level still more than 40 percent above the highest deficit during George W. Bush's Presidency—the Congressional Budget Office projects the deficit to increase to $9.2 trillion in 2019, an astounding 82.4 percent of GDP. It also creates more debt than the combined debt under every President since George Washington. Think of that. That is not sustainable, as even the President's OMB Director, Peter Orszag, has said.

Let's not forget the finance charges. Beginning in 2012, and every year thereafter, the Government will spend more than $1 billion per day on finance charges to holders of U.S. debt. How will this impact the average American family? Federal spending on finance charges for our Government's debt will be about $1,500 per household for 2009. Under President Obama's budget, this number soars to nearly $5,700 per household by 2019. What happened to his plan to ''spend wisely''?

This excessive borrowing increases our dependence on creditors in countries such as China and Japan. These two countries now hold more than a third of our foreign debt. Other countries hold more than half of America's total publicly held debt. When other countries hold a large amount of our debt, they also have leverage to influence our currency, trade, and even our national security policies.

The final point I want to make relates to what I regard as class warfare. I am struck by the language of the budget, starting this class warfare in America. Page 5 of the budget reads:

While middle-class families have been playing by the rules, living up to their responsibilities as neighbors and citizens, those at the commanding heights of our economy have not.

Is this true? Is it true that everyone in the upper brackets has not lived up to their responsibilities or played by the rules? Many of your family physicians, for example, fall into the category of top earners—after years of training and mountains of debt from student loans and round-the-clock work hours, on call for you and me. Are they guilty of not living up to their responsibilities or playing by the rules? That is what the President's budget says.

Most high-income people work pretty hard. They contribute to the economy, give to charity, and pay a lot in taxes. The budget complains that the top 1 percent of earners now holds 22 percent of the Nation's income. But it fails to recognize that they also pay 40 percent of all Federal income taxes.

As Daniel Heninger recently wrote in the Wall Street Journal:

What is becoming clearer as [President Obama's] presidency unfolds is that something deeper is underway here than merely using higher taxes to fund his policy goals in health, education, and energy . . . . The rancorous language used to describe these taxpayers makes it clear that they will be made to ''pay for'' the fact of their wealth—no matter how many of them have worked honestly and honorably to produce it. No Democratic President in 60 years has been this explicit.

Republicans want to work with the President to get the economy back on track. But the massive amounts of spending, taxing, and borrowing in this budget will hinder an economic recovery. In times such as these, we have to focus on growing our economy, not growing the Government.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. NELSON of Florida. Mr. President, let's see what we start with when we start to draw a budget. In this current fiscal year, there is going to be a deficit of $1.7 trillion; that is, Federal revenues are going to be less than Federal expenditures by $1.7 trillion.

Why did that occur? It occurred for a number of reasons over the last several years and budgets that were developed that caused the Federal Government to have a huge deficit. On top of that, you have a declining economy with the tax receipts of the Federal Government, because of the declining economy going south. As a result, what you have is an ever-expanding deficit because expenditures are going up in times of a down economy, particularly with regard to the stimulus bill and with regard to the completion of the appropriations bill for this current fiscal year. All of that spending, with the declining revenues, based on past practices, has brought us to this point. So we inherit a deep hole from which we start.

The question is, how do we get out of that hole and, at the same time, how do we stimulate the economy in order that we can get our economic engine running again and get America moving again? I think the chairman of the committee, Senator CONRAD, has done a magnificent job in his mark that takes this present $1.7 trillion deficit in this year, 2009, downward, or increasing the margin to a narrow margin by which the Federal revenues are exceeded by the Federal expenditures and puts that on a path to where you bring the Federal deficit down to less than 3 percent of gross domestic product 5 years out.

What this budget document does is take us from a position of $1.7 trillion in this year, and then, over the next 5 years, takes it down to a position that is about $500 billion—still a huge deficit, but when you compare it to $1.7 trillion or compare it to the fact that all of the economists will testify that any deficit within the range of 3 percent is an acceptable deficit to keep the economy going and, in fact, the deficit 5 years away is less than 3 percent—it is 2.9 percent—then you should have a budget document that puts us on a path for economic recovery.

I have heard all of these comments about how this budget is spend, spend, spend, and how this is going to run us into bankruptcy, and all that. Well, consider a few facts. First, there is a series of reserve funds for necessary legislation that we want to achieve, such as reforming the health care system. Unless we can get a health care reform enacted into law, we will have very little chance of getting our arms around an exploding budget in the future, because you have to rein in these health care costs. So a series of reserve funds is set up in the budget.

Some would say that is budgetary sleight of hand, until you get into the details of the budget and find out that these reserve funds have to be fiscally or financially neutral and, if they are not, the budget law of the velvet hammer is enacted to come down that any exceeding of a budget-neutral reserve fund has the consequence that the expenditures in that reserve fund have to be paid for.

In other words, the hammer is there if you are not going to produce—in this case we are talking about health care reform—a package over 5 years—and in this case I think it is 10 years—then the hammer of the Budget Act comes down and says not only is that not allowed, you have to bring up a tax revenue in order to pay for whatever the expenditures in that reserve fund are.

Other reserve funds have to be budget neutral. Clean energy and preserving the environment, higher education, child nutrition, and Women, Infants, and Children, infrastructure investments, economic stabilization and growth, America's veterans and the wounded servicemembers, the judgeships, reforming defense acquisition, investments in local governments, and strengthening the Food and Drug Administration—each one of them is a reserve fund that has to be paid for. They have to be budget neutral under this budget we are going to pass. If they are not, the hammer of the budget law comes down on them so that not only can you not enact that particular reserve legislation, but, in fact, if you go over it, you have to provide for the Federal revenues that will pay for it. I think we have an enforceable document.

I will make one other point and that is that out of this 5-year budget, this document slashes some $800 billion of spending and tax relief, tax cuts from the President's budget—$800 billion. Most of that is slashing spending. Some of that is an elimination of some of the President's tax cuts.

The net effect is, it has, over 5 years, a reduction of the deficit by $800 billion. That is moving in a conservative fiscal direction. People are wondering: Did the Budget Committee do anything with the President's budget? Mr. President, $800 billion is a significant amount. But that is 5 years. When we project this budget out over 10 years, how much is slashed? It is a whopping $2.7 trillion in the President's 10-year budget projections.

I think it is clear by these numbers that this is a much more moderate or conservative approach to spending and tax policy, and with the hammer, the enforcement mechanism of the budget law governing these different trust funds—important legislation that we want to enact—we have a manageable way to take us from fiscal recklessness, where we are now with a $1.7 trillion deficit, to a manageable 2.9 percent of GDP 5 years from now and a deficit that is approximately $500 billion.

It would be nice if, over the course of those 5 years, we could move back into balance. It would have been nice, 8 years ago when we had a surplus, had we not enacted the budgets that were enacted back then that took us from a position of surplus, to have used that surplus to pay down the national debt. Instead, a course of action was enacted that took us to huge budget deficits, where we find ourselves today. Therefore, we have a situation that is very difficult.

To maintain the amount of stimulus in the economy to keep us on a stabilized economic road to the future, this budget is about the best we can have. Concurrently, if proposals by the Treasury Department to get the banks lending again are starting to work in the economy with a stabilized and moderate approach to budgeting, then we will start to see our economy come back to life. It is my hope that this is the commonsense kind of budget blueprint we need going forth for the next 5 years.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. HAGAN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Madam President, we have heard a lot of concern this afternoon about deficits and debt and spending from our colleagues on the other side. I wish to remind them of a little of the history of what brought us here. This is what happened with spending when they were in charge—spending about doubled in the Bush administration. Of course, we know the debt more than doubled, and we are left with an ocean of red ink.

That is what this administration inherited. This wasn't President Obama's doing. This is what he walked into. Here is what happened to the debt and the deficit under the previous administration. They actually inherited substantial surpluses, which they rapidly turned into record deficits and then plunged the thing right off the cliff. If we are going to be fair about how we got here, I think the other side is going to have to accept an awful lot of responsibility. Here is what happened to the debt—it more than doubled, from $5.8 trillion in 2001 to $12.1 trillion in 2009.

Senator GREGG, the ranking Republican on the committee, said: I am willing to accept this short-term deficit number, not debate it, because we are in a recession and it is necessary for the Government to step in and be aggressive, and the Government is the last source of liquidity. So you can argue that this number, although horribly large, is something we will simply have to live with.

That is the ranking member of the Budget Committee. Look, I think he is entirely right. The hard reality is we have no choice but to accept, in the short-term, these large deficits as the Government seeks to provide liquidity to prevent an all-out collapse. But over time, this budget brings the spending down. I am not talking about the President's budget now. I am talking about the budget I have presented here. We take the budget—total discretionary spending—from 9.5 percent of GDP in 2010 down to 7.3 percent of GDP in the fifth year.

When you distinguish between defense and nondefense discretionary, what you see is that I am bringing them both down at about an equivalent rate. So defense, in 2010, will be 4.8 percent of GDP; at the end of the 5 years of this budget, it will be down to 3.7 percent of GDP. Similarly, nondefense discretionary will be 4.7 percent of GDP in 2010, and we take that to 3.6 percent of GDP in 2014.

On the discretionary accounts, which is about one-third of all Federal spending, on the discretionary accounts, both defense and nondefense, I am bringing them both down as a share of our national income and doing it in about the same proportion.

We are doing that because, look, we don't have a lot of options. When the President wrote his budget, he had $2.3 trillion more in revenue than we have. Now, he did his budget some time earlier, and the forecasts were more robust. Once CBO did their more recent forecast, $2.3 trillion was gone. That requires a response, if we are also going to answer the President's charge to dramatically bring down the deficit, and we have also done that—from $1.7 trillion in 2009 to just over $500 billion in 2014. That is a reduction of more than two-thirds in the deficit of the United States.

Of course, economists like to measure it in terms of a percentage of gross domestic product rather than dollar terms because that adjusts for inflation. But look what we have done in that way: We have gone from 12.2 percent of GDP in 2009 to less than 3 percent as a deficit and share of the economy in 2014—again, more than a two-thirds reduction—and we get below the magic 3 percent, which is where most economists say we stabilize the growth of the debt.

I am quite proud of what this budget has accomplished in the 5 years of its term. I am the first to acknowledge that when Senator GREGG stands and says we are not doing enough about the second 5 years, sign me up. I agree with him entirely. Certainly, the President's budget has far more debt and deficit in the second 5 years than ours, if you extended our policies. But I would say that either one of them doesn't do enough for the second 5 years. We have to do much more. That is why Senator GREGG and I have proposed a special procedure to give 16 Members the responsibility to come up with a plan, and if 12 of the 16 agree, then that plan would come to Congress for a vote.

Now, we changed the President's budget over the first 5 years by $608 billion. That is a lot of money. Madam President, 30 percent of it is on the revenue side, 31 percent on the discretionary spending. In other words, we reduced the President's spending by $167 billion over the next 5 years. Anybody who doesn't think that is a big deal, come to my office and listen to the phone calls.

The mandatory spending we reduced by 39 percent of the total $608 billion we changed from the President's budget. So we distributed the pain about equally. We did it on a proportionate basis.

Mandatory spending is the biggest part of the budget, so they took more of the reduction. Discretionary spending and revenue were done of about equal proportion. We tried to be fair. We didn't go to just one committee of jurisdiction, or two committees, and say: You take the whole burden of making these changes. We went to everybody, and we said, you know, we have to share the pain and we have to share it equally.

Again, on the question of spending in the budget that is before us—I am not talking about the President's budget. The President's budget is not before us; the budget the Budget Committee has is before this body, the budget that we are going to vote on, which nobody, it seems, wants to talk about. They want to talk about some other budget. But they don't have a budget of their own.

If our budget is so bad, where is their budget? They don't even have a budget. So if our budget is so bad, where is their budget? We don't see their budget. I just say this: On nondefense discretionary the average annual increase under the budget resolution is 2.5 percent. Some say we ought to just freeze it. I don't think that would be very wise to do. That wouldn't even offset inflation. But this is a pretty tough budget that is before us. I want my colleagues to know, nondefense discretionary spending is increased over the life of this budget on average 2.5 percent.

Let's go to that final slide, if we could.

Where are the increases in the nondefense discretionary accounts under this budget resolution? You can see, here is where they are. The biggest chunk is defense. More than one-third of the increase is in national defense. That is in part because the President, instead of hiding the costs of the war, has put the costs of the war in the budget. That is what we have done. So if you look at the nondefense discretionary increase under the budget resolution, one-third is defense.

Madam President, 14 percent is international and 10 percent is for our veterans. We have given the biggest increase for veterans health care ever—and deservedly so. They have suffered the wounds of war and they deserve to have those wounds treated and they deserve to be treated with respect when they come home. So 10 percent of the increase is there. Ten percent is education, 10 percent is income security, 8 percent is the census.

One-twelfth of the increase is the census that has to be done every 10 years. That is an extraordinary expense, but here it is. We have to deal with it and we do. Natural resources and environment are 6 percent, transportation is 3 percent, and ''other'' is 2 percent.

The discretionary increase comes in those categories. I hope my colleagues, as they discuss the budget, deal with the budget that is before us. It is substantially different than the budget the President sent us because, again, when the President wrote his budget he had $2.3 trillion more in revenue over 10 years than we do under the new scoring that was done just before we concluded work on this budget.

I think the American people would expect us to make changes when the facts change. When the revenue changes dramatically I think they would expect us to make adjustments, and that is what we have tried to do.

I am quite proud of this budget document that we have produced, this outline for the country, because we have done our level best to keep faith with the priorities established by the President. He said to me, when I told him we were going to lose $2 trillion—he said: Look, do everything you can to preserve my priorities. He said, No. 1: Please do everything you can to make sure we can reduce our dependence on foreign energy. That is not just the President's priority, that is the priority of the American people.

No. 2, he said: Do your level best to preserve my priority by focusing on excellence in education because if we are not the best educated, we are not going to be the strongest country on Earth very long—and we have done that in this budget.

No. 3, he said: Please preserve my priority on major health care reform because that is the place that is going to take us over the cliff, in terms of our long-term economic future. That is the thing that is burdening families and businesses and taxpayers, so please do everything you can to preserve my key priorities, and do it in the context of dramatically reducing the budget deficit.

We have done that in this budget. We have preserved his priorities on reducing dependence on foreign energy, on excellence in education, on major health care reform. We provided reserve funds, deficit neutral reserve funds for each one of those categories, and we have reduced the deficit by two-thirds. We have gotten it down to 3 percent of GDP, which was his charge to us. We have done it all, even though we faced a dramatic reduction in revenue available to us.

Does that mean we could just copy the President's budget? Obviously not. We had to make adjustments, and we made $608 billion of adjustments over the first 5 years. I believe that was necessary and appropriate and prudent, and I hope we can hold onto those changes as we go through the markup. I am already hearing there are people who want to come here and increase the spending. I have already heard people are going to offer amendments to take away some of these adjustments. I am told Republicans and Democrats are meeting right now, this afternoon, to figure out how to come in and change this budget, to raise the spending. I am told there are a lot of Members represented at this meeting.

Let me send a word to them: Change this at your peril. We have carefully crafted this package to be able to win majority support. I think you better think very carefully about changing what we have brought to the floor because you might move it in your direction—more spending—only to wind up with a defeat on final passage of this budget. I hope those who are meeting will think very carefully about coming to the floor and trying to increase the spending in this resolution.

I yield the floor.

Mr. GREGG. Madam President, we are awaiting a speaker, but while we await the speaker, who is on his way—I think Senator SPECTER is coming—I want to respond to a couple of points by the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. He quoted me, with a huge chart—I always appreciate that, get my name out there; my eloquence is once again reestablished—but it is regrettable that he didn't continue the quote. The point I made in that was that in the short term there is a necessity to spend money because the Government is the last source of liquidity right now, and we need that in order to try to get the economy going. But what is inexcusable about this budget is that in the years 2011, 2012, and beyond spending continues. It goes down from 28 percent to 23 percent and then it starts to go back up to 23, 24, 25 percent of gross domestic product. It is spending done entirely by deficits—an average of trillion-dollar deficits over the next 10 years under the President's budget.

The point is, of course, you may have to spend now. We do have to spend now. The spending is not done that well. It was a total misappropriation of money. The stimulus bill was just walking around money for different interest groups in which the appropriators happen to have a vested interest. Legitimate. Most of them were very nice groups. But most of them didn't stimulate the economy. But after the stimulus event is over and the recession has abated, to continue this level of spending is unconscionable. It creates a debt that our children will have to bear, a debt that is unfair to pass on to them.

My point, of course, is, as we move into the out-years we have to try to rein in spending, try to control spending because the issue is spending. That is the bottom line. The problem is spending.

So you have this budget that has been proposed which is dramatically increasing the size of the Government intentionally. The President said he wants to do that. He said: I intend to create prosperity by expanding the size of the Government. He does it through creating a massive amount of debt—$9.2 trillion of new debt over the next 10 years, running the size of the debt as a burden on our economy up to 80 percent of gross domestic product—which is not sustainable and which will basically throw us into a situation where our children will not be able to afford the Government that is being passed on to them.

So when the Senator quotes me—and I appreciate him quoting me—I wish he would continue the sentence or continue the paragraph or the thought because it is the rest of the thought where the issue lies. The issue doesn't lie in the short term; the issue lies in the long term. The issue lies in what we are passing on to our children. The issue lies in the fact that under this budget, as brought to us, the debt and the deficit are exploding at a rate that no country can support. None. It creates financial hardship for this Nation if we continue down this path.

On another point, the Senator from North Dakota continues to bring up these charts about how they are bringing their deficit down below 3 percent, and the President has his up at 4.5 percent. The 4.5 percent is not sustainable. Everybody agrees with that. And 3 percent of the gross domestic product is barely sustainable.

How do they get there? They get there by simply using the old-fashioned shell game around here, which has been used for years, which is not putting on the budget that which we absolutely know is going to occur. At least the President had the decency and forthrightness to put into his budget these things we absolutely know are going to be spent on.

They claim with these reserve funds: ''Oh, we are responsible by doing reserve funds.'' That is a totally disingenuous statement. The President knows these reserve funds are not legitimate, and that is why he didn't use them. He put it in the doctor's fix and scored it. They put in a doctor's fix and don't score $90 billion, approximately. It is a significant amount.

The President said we are not going to have AMT; we are going to have a permanent fix on AMT. For 3 years this budget that is brought to us doesn't score AMT as revenues, but for the last 2 years it scores it as revenues. Why do they take these revenues even though we know we are not going to get them? So they can make their numbers look better, get below this 3 percent level, which is just a game.

Health care: The President in his budget says health care in his reform is going to cost about $400 billion over these first 5 years. Is any of that in this budget? None of it. A reserve fund, which is not even subject to pay-go, is used in order to mask that number. That helps to get below the 3 percent.

I mean, it is the use of the old gimmicks, the things which we at least respect the President for having come forward and saying: They are gimmicks, and therefore I am not going to use them. So just lay the President's numbers over this budget, and you get the exact same budget. When Peter Orszag, Director of the OMB, said there is 98 percent identity between these budgets, he was right and the practical effect was right.

The budget that was brought to the Senate floor is a profligate budget. It is a budget which basically goes out and spends at a level of 22 percent of gross domestic product for as far as the eye can see and generates revenues of 18 percent, 18.5 percent if they are lucky. That is after they raise taxes on the alleged wealthy—the small businesspeople of this country, the people who create the jobs—after they have hammered the small businesspeople who create jobs with a $1.4 trillion tax increase, hit us with a national sales tax on our electric bills, taking all that money and not using it to reduce the deficit at all, just use it to expand spending—after they have done all that, they have this huge gap which runs up debt, debt which is going to be unsustainable and unaffordable for our children.

It is certainly not appropriate. But at least the President was honest about it and straightforward and did not use a bunch of gimmicks to try to hide it so we could have an open and fair debate about it.

Unfortunately, that is not the case in the budget that is brought forward here. It is a budget which uses these games. Games which for a long time, have been used too often. I probably used a few of them when I was chairman.

But it is about time, since we have a President who is willing to come forward and say: This is the way it should be done, that we follow his lead and at least have the integrity to say he was right when he was transparent.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, let me be very clear. I absolutely reject the notion that the budget the Budget Committee has brought before this body has gimmicks or is misleading in any way.

I tell you what we do. We say things have to be paid for. Let's talk about the reserve funds that were just criticized. The reserve funds for health care, for energy, and education have a condition attached. The condition is, if the committees of jurisdiction come forward with legislation, they have to pay for them. That is the gimmick.

In Washington, things are so screwed up they think if you require something to be paid for, it is a gimmick. I do not think it is a gimmick to require things to be paid for. We should have been doing that a long time ago.

No. 2, he referenced the docs fix. The docs fix is this. Under current law, doctors who treat Medicare patients are going to have a cut. The President said: No, they are not going to have a cut. We will put it in the budget. But he had no offset for it. We are saying: No, we do not want the docs who treat Medicare patients to get a cut either. But, committees, if you produce the savings necessary to do that, we will not have the docs cut. You know what. That is what we have been doing.

I am on the Finance Committee. We have been assuring that the doctors who treat Medicare patients do not take the cuts that are in the law. But we have paid for it. That is what this budget does. It says to the Finance Committee: Do not cut the docs, but pay for it. Do not just put it on the budget, and do not worry about sticking it on the debt.

I am proud of that. That is exactly what we should have done.

On the alternative minimum tax, we say, for the next 3 years, when we are in a time of economic weakness and vulnerability, you can fix the alternative minimum tax that will otherwise affect 24 million Americans up from 4 million today. We say: No, do not let them get hit with more taxes at a time of economic weakness. But beyond the 3 years, if we are going to fix the alternative minimum tax—and indeed we should—pay for it. Pay for it.

That is what this budget says. That is no gimmick. That is being responsible.

On health care, the reserve fund says: Yes, we should have major health care reform. But pay for it. So the administration has said, it is their intention to pay for it. That is the intention in this budget, that it be paid for.

Let me be clear. These reserve funds, the ones triggered in the legislation are paid for. They call that a gimmick. I call it responsible. I know it is a new concept in this town.

Most people here, I have to tell you, our friends on the other side, their record is not pretty. When they were in charge, they doubled the debt. They were for every tax cut and every spending initiative. The result is they exploded the debt, doubled the debt of this country, tripled foreign holdings of debt. We are saying: No, we are not going to continue on that path. We insist on a trajectory that dramatically brings down the deficit. That means we have to insist that all these good things get offset, get paid for.

Now, the argument on the other side is, it will not happen. Not going to happen. We are not going to pay for things. Well, shame on us. Shame on us if we do not. Shame on us if we do not pay for the doc fix. We have been paying for it. Why all of a sudden do we say we cannot?

The alternative minimum tax. I will be the first one to say we have not been paying for that, against my votes, because I do not want the alternative minimum tax to be imposed. But it ought to be offset so it does not add to the deficit.

The same is true on energy. We should have significant energy legislation to reduce our dependence on foreign oil. But we ought to pay for it. I was part of a group called the Gang of 10—5 Democrats, 5 Republicans—who became the Group of 20—10 Democrats and 10 Republicans.

We came forward with major energy legislation to reduce our dependence on foreign energy, but we paid for it. We provided the offsets so it did not add to the deficit or the debt. I hope very much that is the principle we adopt.

I yield the floor and look forward to my able colleague's rejoinder.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Not to belabor the point, but if they are so devoid of gimmicks, why did they waive their own pay-go rule in the health care reserve fund? I mean, on the face of it, they lost the argument. It is their budget. It takes the pay-go rule and emasculates it, and it is their pay-go rule. They are not making them subject to their own rules of fiscal enforcement in their own budget.

So, yes, gimmicks are replete. That is just one of them. The alternative minimum tax, that is a gimmick. They know they are not going to get the revenues from AMT. They score the revenue numbers from AMT in the last 2 years. That is a total gimmick. Everybody knows that is a gimmick here. We do not account for TARP II. Now, maybe they are not going to support their President on TARP II. They do not account for it, so I guess they figure the President does not need anymore money for assisting the financial stress the country is under; the President does. We do not account for it.

Disaster costs. How do you eliminate disaster costs in the budget and claim it is not a gimmick? We all know there are disasters to fund. My goodness gracious. Clearly, there are disasters that are going to require significant funding. In an attempt to be forthright on that, the President put in a number. Taken out of this budget. Why? Because they wanted to get under this number, 3 percent.

Nothing to do with whether disasters are going to occur or not occur over the next 5 years or whether we are going to spend money on them over the next 5 years. It was purely an accounting gimmick, nothing more, nothing less than an accounting gimmick.

Health care reform. The President's own budget scores it at $372 billion. Do you think this Congress is going to step up and say to the President: Oh, we are going to pay for this, even though you do not think we should pay for it. I doubt that. I mean, another gimmick. The President was at least forthright and said it was going to cost $372 billion, and he put it in his budget. Why are they not paying for it on the other side, not because they do not think it is not going to be there, this cost, but because they want to get under this 3 percent.

Interest. My goodness. How do you gimmick interest? Well, they did it. They are not accounting for the interest, which these expenditures obviously incur. Interest is a pretty stable number. You are either going to get it and have to pay for it or you are not. The fact is, the goal was to look better than the President, even when you were doing exactly what the President wanted you to do.

It is pretty hard to come here with a straight face and claim your number is significantly different than the President's. It would be nice if it were. I wish it were. I wish it were. But it is not. What it all leads to is a massive amount of debt—a massive amount of debt. Even 3 percent is not sustainable. But, certainly, the real number, which is 4 to 5 percent, is clearly not sustainable. Even 60 percent, is not sustainable, which is the number they claim they get to. I mean, that is not sustainable. That is not an acceptable number, and, in fact, would not even get you into the European Union, it is so unsustainable.

But it is not the real number, 80 percent is the number, 80 percent of public debt to GDP. That is the projected number.

So these numbers are staggering. They should give everyone pause and cause them to say: What are we doing here? What are we doing to our kids? To our Nation? Are we going to hand them off to a country that is so deeply in debt, that is running up debt at such a significant rate, or are we going to try to kid our kids and say: Oh, well, you know, we—those numbers are not real. You are not going to get stuck with these numbers and this amount of debt.

We know we are going to stick them with these numbers and this amount of debt. I hear all about this—we have all heard this almost interminably now: Well, the last administration did this, and the last administration did that. I would point out that this Congress was controlled by the Democratic Party for the last 2 years.

So it was not just the Republican President, it was the Democratic Congress that was spending money. I have never been one to be very—to have defended the last President on the issue of spending because I thought the Presidency did not do a very good job on spending. I voted against most of the things that were passed around here that spent money.

The Part D premium, which was the worst example, $8 trillion unfunded liability. The agriculture bill, massive expansion, inappropriate. Done. Highway bill. Massive expenditure, $26 billion dollars of earmarks.

So, yes, there was failure to discipline the budget on the spending side of the ledger in the last Presidency. But there was an accomplice around here. It was called the Democratic Congress. Now, regrettably, we have a President who said very openly, he is going to spend money, and a lot of it, to promote prosperity by expanding the size of Government on all these different accounts which he deems to be worthy.

I imagine they are worthy. The only problem is we cannot afford them as a culture or as a government because the cost to our children will be a debt they cannot bear. You can try to pass a budget that covers that up through games and darts and gimmicks and shell games and various little exercises in redoing the accounting rules, such as changing pay-go.

But in the end, we all know what it is going to lead to, which is a deficit and a debt that is not sustainable and a nation put at risk as a result of that.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, again, there are not gimmicks here. There are requirements to pay for things. I know that seems like a gimmick to some because they are not used to paying for anything in this town. But that is what this budget says ought to be the operative principle: You start paying for things. If you want to have the doc fix, and I do, you pay for it.

That is what we have been doing in the Finance Committee. We have been paying for it. The President sent a budget that says you don't have to. But then we lost $2.3 trillion. So we are back to saying: Yes, you have to pay for it.

The alternative minimum tax for 3 years, when the economy is down, we say: No, do not raise revenues some other place to offset that because that would not make good economic sense at a time of weakness.

But when the economy recovers, offset the costs. That is exactly what we are going to have to do to get the books back in balance around here. The President put into his budget over $200 billion for disasters over the next 10 years.

The Congressional Budget Office would not score it. They say it is too speculative. Nobody at this point can tell you what the disasters are going to be. Look, I am especially sensitive to this. I have a major disaster going on in my State right now. I would love to put the money in. But there is not a soul on Earth who can tell you how much it is going to be at this point in time. We do not know if the levees are going to hold or if they are going to break.

To put in a number that has no relationship to any reality, that is honest accounting? I appreciate the President's attempt, but the Congressional Budget Office would not score one thin dime of it because they said it is too speculative.

I find it so curious. The other side complains all the time about "too much spending, too much debt.'' You do something to reduce spending in the budget I have offered—we cut the President's budget on domestic discretionary spending by over $160 billion—and now they complain about that.

I do not know how you ever get to the end without insisting that things get paid for and reducing spending and trying to get in place an overall fiscal condition that puts you on the right glidepath.

Now, the gentleman says you do not get to 3 percent of GDP because you have these reserve funds.

The reserve funds require, before anything happens, that the reserve funds be deficit neutral. That is a condition, a requirement. So, yes, you do get to 3 percent of GDP on the deficit, because we are not going to release those reserve funds, and I am the one who has been given the responsibility to decide whether they are released. We have put in a condition, and I can't release them if they are not paid for. Hallelujah, let's start paying for things around here.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, I have sought recognition to comment on the issue of reconciliation which may, according to some speculation, seek to deal with substantive legislative proposals such as health care or perhaps even education or perhaps even global warming. I believe any such effort would be a colossal mistake, to try to change Senate procedures to deal with such substantive measures on a legislative vehicle which will take 51 votes instead of allowing for the customary Senate debate which could be cut off only by 60 votes.

In this Chamber, we had a fierce debate in 2005, where the Democrats were lined up on filibustering President Bush's nominees for the Federal courts. Republicans were threatening a so-called nuclear or constitutional option. At that time the Democrats were utilizing the time-honored process of continuing the debate unless Republicans had 60 votes to invoke cloture and cut off debate, which Republicans did not have. The partisan feelings got so high that there was a plan devised where the system could be short cut, have a ruling of the Chair and have a motion to overrule the ruling of the Chair, have it decided by 51 votes. Fortunately, that did not occur.

Historically, as I spoke at some length on the issue at that time, the filibuster, the extended debate in the Senate, had guaranteed judicial independence in the impeachment proceeding of Justice Chase in about 1805, and saved the independence of the Presidency in the impeachment of Andrew Johnson in 1868. So that issue was avoided.

Now we have what may well be an effort to circumvent the 60-vote rule. The unique feature of the Senate, which has frequently been called the world's greatest deliberative body, is that any Senator can offer virtually any amendment on virtually any bill at virtually any time. That plus extended debate gives this Chamber the opportunity to acquaint people with serious problems and to build up public demand one way or another. That is an expression of speech and persuasion in a setting where there is opportunity to advance the public good. If we start to shortcut that procedure and undertake major legislative change on items such as health care or global warming or education, we will destroy a most precious aspect of Senate procedure.

According to the Congressional Research Service, reconciliation ''was created as part of the Congressional Budget Act of 1974 as a way to assure compliance with the direct spending revenue and the debt limit levels set forth in the budget resolution agreed to by Congress.''

The rules governing consideration in the Senate limit debate to 20 hours and, when all amendments are considered, the bill then moves on to a final vote. The House Resolution this year instructs the Energy and Commerce Committee and the Committee on Ways and Means to produce legislation on ''Health Care Reform'' and for the Education and Labor Committee to produce legislation on ''Investing in Education.'' These committees could produce legislation on other subjects within their jurisdiction, including climate change.

Senator BYRD, in a speech on February 12, 2009, at hearings entitled ''Senate Procedures for Consideration of the Budget Resolution/Reconciliation,'' had this to say—and we all know and prize Senator BYRD's erudition as the leading Senate scholar and spokesman and also the author of the Budget Act of 1974. This is what Senator BYRD said:

> I can say with confidence that the process the Senate utilizes today hardly resembles the process envisioned in 1974. Today the reconciliation process serves as a reminder of how well-intentioned changes to the Senate rules can threaten the institution in unforeseen ways. Reconciliation can be used by a determined majority to circumvent the regular rules of the Senate in order to advance partisan legislation.

Senator BYRD decried and protested loudly and effectively against that process. Earlier this month, March 12, 33 Senators, including 8 Democrats led by Senator BYRD, wrote to the Budget Committee Chairman and Ranking Member to ''oppose using the budget reconciliation process to expedite passage of climate legislation.''

The letter stated:

> Legislation so far-reaching should be fully vetted and give appropriate time for debate, something the budget resolution process does not allow. Using this procedure would circumvent normal Senate practice and be inconsistent with the Administration's stated goals of bipartisanship, cooperation, and openness.

I think it worthwhile to focus for a moment on what President Obama has emphasized in an effort to get bipartisanship, cooperation, and openness. There are those of us on this side of the aisle who have cooperated. I think it fair to say that to misuse the reconciliation process would be a very strong blow against bipartisanship and cooperation. Obviously, it would impede future activity by the Obama administration in reaching across the aisle to get necessary Republican votes.

Senator BYRD went on to say:

> I was one of the authors of the legislation that created the budget reconciliation process in 1974, and I am certain that putting health care reform and climate change legislation on a freight train through Congress is an outrage that must be resisted.

Pretty strong words, ''freight train'' and ''outrage.''

There are eight Senators on the letter to the Chairman and Ranking Member. I ask unanimous consent that the full text of the letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, March 12, 2009.

Hon. KENT CONRAD,
Chairman, Committee on Budget, U.S. Senate, Washington, DC

Hon. JUDD GREGG,
Ranking Member, Committee on Budget, U.S. Senate, Washington, DC

DEAR CHAIRMAN CONRAD AND RANKING MEMBER GREGG: We oppose using the budget reconciliation process to expedite passage of climate legislation.

Enactment of a cap-and-trade regime is likely to influence nearly every feature of the U.S. economy. Legislation so far-reaching should be fully vetted and given appropriate time for debate, something the budget reconciliation process does not allow. Using this procedure would circumvent normal Senate practice and would be inconsistent with the Administration's stated goals of bipartisanship, cooperation, and openness.

We commend you for holding the recent hearing. entitled ''Procedures for Consideration of the Budget Resolution/Reconciliation,'' which discussed important recommendations for the upcoming budget debate. Maintaining integrity in the budget process is critical to safeguarding the fiscal health of the United States in these challenging times.

Sincerely,

Mike Johanns; Robert C. Byrd; David Vitter; Blanche L. Lincoln; George V. Voinovich; Carl Levin; Johnny Isakson; Evan Bayh; Kit Bond; Mary Landrieu; James E. Risch; E. Benjamin Nelson; Lamar Alexander; Bob Casey, Jr.; Michael B. Enzi; John McCain.

Tom A. Coburn; Jim Bunning; John Barrasso; John Ensign; Bob Corker; James M. Inhofe; Chuck Grassley; Roger Wicker; Mike Crapo; Susan M. Collins; Thad Cochran; Kay Bailey Hutchison; Mark Pryor; Lisa Murkowski; Pat Roberts; Saxby Chambliss; Sam Brownback.

Mr. SPECTER. One other Senator has been quoted, one other Democratic Senator, in Politico last Tuesday, March 24, as warning that the circumvention of regular order could do ''serious damage to our bipartisan effort.''

We have the statement of Chairman CONRAD in the March 26 article in the New York Times stating:

I don't believe reconciliation was ever intended for this purpose. It doesn't work well for writing major, substantive legislation.

Senator BAUCUS, chairman of the Finance Committee, has been very outspoken in his opposition. I will quote him as follows from the Hill on March 26:

''Reconciliation would hurt healthcare reform, it would make it partisan, it would hurt, it would stymie it, it would make it very partisan.'' The reconciliation route is not designed to deal with measures such as health care. ''Healthcare reform is so large, you're going to have many provisions that are not directly related to revenue or directly related to spending.''

The article goes on to point out that Senator BAUCUS also said that putting health care reform under budget reconciliation would require that it be sunset after 5 years. Senator BAUCUS said:

It has to be term-limited five years; that's nuts.

Those are his words. Senator BAUCUS also said that the only way to pass ''sustainable'' health care reform would be to attract Republican support with which reconciliation protection would not be necessary.

Taking the eight Senators who signed the letter of March 12, adding the Senator identified in Politico from which I quoted, plus Senator BAUCUS and Senator CONRAD, adding those to the 41 Republican Senators who would likely be against misusing the reconciliation process—I don't speak for all of the other 40, but I think that is a fair inference—would be 52. That would present finding 50 Senators, plus the Vice President, if he chose to cast the 51st vote, so that the reconciliation process would not be possible.

It is important that all colleagues focus on this issue institutionally and how important it is. Whenever you cite numbers, there will always be slippage, but when you have the kind of strong language I have referred to today, there is strong reason that we should not have 51 votes somehow created in this body to misuse the reconciliation process.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, I yield 5 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. UDALL of New Mexico. Thank you, Madam President.

I thank the chairman for his excellent presentation today on the budget. I have been listening to a lot of this debate, and one of the things we all know is that a budget reflects our values. The President and the chairman of the Budget Committee have talked about how the four major things we are trying to do in this budget are health care, education, energy, and global warming, and also reducing the deficit.

I have seen over the years the chairman work on deficit reduction, and I know this bill is a very serious bill in terms of moving us toward that goal, as the President has said, over 4 years to try to get this budget under control. I certainly appreciate his hard work.

Madam President, I ask unanimous consent to speak as in morning business.

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

(The remarks of Mr. UDALL of New Mexico pertaining to the introduction of S. 743 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. UDALL of New Mexico. Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, from Senator GREGG's time, I yield 15 minutes to the distinguished Senator from Utah, Mr. HATCH.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, I rise today to express my deep concern about the tax increases—both explicit and hidden—in President Obama's budget and in the Democratic budget resolution before us today.

Erwin Griswold, the former Solicitor General under President Lyndon Baines Johnson, and also President Richard M. Nixon, once said:

We have long had death and taxes as the two standards of inevitability. But there are those who believe that death is the preferable of the two. At least, as one man said, there's one advantage about death; it doesn't get worse every time Congress meets.

Unfortunately, this budget would lead to taxes getting worse. In fact, they would get much worse, and not just for the so-called well-off and well-connected, as the budget refers to those who are targeted for explicit tax increases.

The title of President Obama's budget is ''An Era of Responsibility—Renewing America's Promise.'' However, this budget is irresponsible as to its implications for the next generations.

As I have mentioned before many times on this floor, I have 6 children, 23 grandchildren, and 3 great-grandchildren, and I am very concerned about their future and the future of all of our families throughout America, just as all of our colleagues are concerned about their posterity as well.

When I think about responsibility and the promise of America, I think about these next generations, both in my family and in the families of my constituents, and others, of course. This is why I am so concerned about this budget, and especially the tax burden this budget would place on the next generations of my fellow Utahans and all Americans.

This budget includes a number of tax increases, but I want to focus on just three of the major ones that would particularly affect these next generations.

Now, the Obama ''tax-orama:'' There will be a tax hike on America's industrial output and energy, a tax hike on America's job creation, and a tax hike on America's competitiveness.

During his address to Congress last month, President Obama promised:

[I]f your family earns less than $250,000 a year, you will not see your taxes increased a single dime. I repeat: not one single dime.

That is what he said. We have heard this promise before. However, from his first days in office, the President has proposed raising taxes and the cost of living on lower income wage earners, as well as on all Americans.

Now, how? Through the trillion-dollar-plus cap-and-trade climate change legislation that President Obama is proposing. This proposal, if enacted, would force energy and industrial companies throughout America to either pass these gargantuan costs on to their customers and employees or go out of business.

This tax on America's industrial output and energy is not even called a tax in the President's budget. Instead, it is referred to as ''climate revenues.'' However, we should not let that fool us. As the old saying goes: If it walks like a duck and quacks like a duck, it is a duck. This tax, estimated to total between $1.2 trillion and $1.9 trillion over the next 10 years, would be by far the largest tax increase in the history of the world.

It is true these new taxes might not be paid directly to the IRS or be withheld from workers' paychecks. Instead, they would be much more insidious. They would show up in the form of higher utility bills, higher costs for consumer goods, lost jobs, and a lower standard of living for everyone.

This tax hike on America's industrial output and energy—just think about it, called cap and trade—they refer to as ''climate revenues.'' Potentially, it is a $1.9 trillion tax on energy costs and an increase in the cost of living.

Well, the nasty thing about them is the American family may not even know how much they are paying—just that their standard of living has gone down.

The administration tries to tell us lower income Americans will be held harmless because the revenues from this new tax will be used to compensate them. Now, we have seen this type of compensation already from this administration, particularly in the stimulus bill.

If you look back to last year, before a Senate Finance Committee hearing, Peter Orszag, then CBO Director and now President Obama's Director of the Office of Management and Budget, admitted:

Under a cap-and-trade program, firms would not ultimately bear most of the costs of the allowances but instead would pass them along to their customers in the form of higher prices.

That was before the Senate Finance Committee on which I sit, on April 28, 2008. That is what OMB Director Orszag said about cap and trade.

Well, passing these costs on to consumers is bad enough and will cause a great deal of hardship to families and to the economy, but my question is, what happens if the firms are not able to pass these costs on to their customers? The answer is, they will go out of business and jobs will be lost. Either way the American family loses under this proposal.

As I mentioned, the President's budget says Americans will be compensated for these higher prices. However, I think a better word for the kind of compensation this budget has in mind is ''income redistribution:'' Let's take from those who have and give to those who have not. It is the same philosophy that brought us tax cuts for people who do not pay taxes.

Well, I suggest in the name of responsibility that if we want to raise taxes on Americans, let's do it in a straightforward way, where it is visible and does less damage. Raising taxes on anyone at this time of extreme economic vulnerability is a mistake, but this proposal does exactly what the President promised never to do and then excuses it by saying this is not a tax. Now, that is a bunch of hooey.

This new tax on America's industrial output and energy would be a colossal error and could cripple the ability of the next generations to reach, let alone exceed, the standard of living we now enjoy. This would be a tragedy because seeing our children and grandchildren do better than we have done is the real promise of America.

If this new tax on our industrial output and energy were the extent of the tax increases the President's budget proposes, it would be bad enough. Unfortunately, there is more bad news. The budget goes so far as to undermine and weaken the so-called stimulus bill enacted in February by calling for an increase in taxes that will affect job creation.

As we all know, the goal of all of our colleagues is to save or create millions of jobs. The explicit tax increases called for in the budget, however, would take away the very means for the private sector to perform this job creation. It would do this through increases in taxes on capital gains taxes, dividends, carried interest, and by raising the top individual rates where most small business income is taxed.

Just ask any small business owner who reports his or her business income on their own tax returns, as most do, and they will tell you if you increase taxes for the top two rates, then they will be forced to either reduce salaries or put a freeze on new hires. With nearly 200,000 small businesses in Utah, I do not think Utah can generate substantial job growth if small businesses face these tax increases. The same is true for other States. Two-thirds of jobs and small businesses are in firms with employees numbering between 20 and 499. These small businesses are the ones owned by individuals and taxed as individuals who would be targeted by President Obama's tax increases. The Small Business Administration tells us that 70 percent of new jobs each year are created by small businesses. Why in the world would we want to harm the ability of America's job-creation engine—small businesses—to help us create or save the jobs we so badly need right now? This is sheer folly.

Time and time again, research has shown that decreasing taxes on small businesses increases employment and raises wages. On the other hand, increasing taxes on small businesses hinders investment, including employment. Research by the Tax Foundation shows that raising the marginal tax rate by 5 percentage points reduces the percentage of entrepreneurs who invest by 10.4 percent and lowers their average investment by 9.9 percent. Reducing the tax rate from 39.6 percent to 33.2 percent increases the likelihood of hiring by 12 percent and raises the median wage for those hired employees by 3.2 percent.

These tax increases, which target the so-called wealthy, will miss the mark and hurt everyone, particularly those who lose their jobs or who do not get the job that might have been. The tax hike on America's job creation: two-thirds of small business jobs are targeted by President Obama's tax increases. Seventy percent of all new jobs each year are created by small businesses. These tax increases are going to hinder job growth.

Tragically, there is even more in this budget that would attack our ability to create jobs. The third leg of this assault is on America's competitiveness in a global economy. Beyond strengthening job growth for small businesses, we must also create an environment that encourages companies to invest in the United States as well as to expand worldwide to meet growing opportunities. Academic scholarship has shown that domestic companies that invest overseas strengthen their employment at home.

Unfortunately, we are moving in the wrong direction already. According to last year's listings of the world's largest companies, the so-called Global 500, only 8 of the top 25 corporations in the world were headquartered in the United States. Forty years ago, almost all of the top 25 were headquartered in America and were American firms.

This trend has a significant impact on jobs and the economy in the United States. Just this past month, several energy companies have announced plans to move to Switzerland because of that country's low corporate tax. To be frank, after looking at President Obama's budget proposal, I do not blame them. Such a move could become a matter of corporate survival if we are not careful. In fact, our system of worldwide taxation, coupled with one of the highest tax rates in the world, is enough to cause any firm to think twice about locating its worldwide headquarters here. And this is before the changes included in the Obama budget, which make the business landscape far less friendly.

How are we supposed to be globally competitive when we have the second highest corporate tax rate in the world? Our corporate tax rate is currently at 35 percent, second only to Japan's, with the average global corporate tax rate around 26 percent. It is no wonder that many companies in the United States are looking elsewhere. These are tax hikes on America's global competitiveness. Think about that. Domestic companies that invest overseas strengthen their employment at home. The United States is one of the few major nations to tax companies on worldwide income. The average global corporate tax rate here is 35 percent. We are the second highest in the world, second only to Japan.

The President believes our Tax Code includes incentives for U.S. businesses to ship jobs overseas, and the budget includes vaguely defined proposals that would supposedly put an end to this practice. However, the evidence shows that our tax laws do not lead to U.S. job loss but to increases in U.S. employment when companies invest overseas.

In summary, the Obama budget for fiscal year 2010, along with the budget resolution before us today, is a three-pronged assault on American job creation through new taxes on America's industrial output and energy, tax increases on America's job creation for small businesses, and tax increases on America's competitiveness. This assault is a huge contradiction to the stated goals of the President to create or save 4 million jobs. I know he is sincere and believes he can do that, but not with this budget. While it is true that most of these tax increases will not hit until 2011, this is likely to be just as dangerous a time for these job-killing tax hikes as 2009 would be. Most economists believe that if we are lucky, we will just be beginning to recover from this ugly recession in 2011. Instead of these antigrowth policies, we should be enacting policies of support, investment, and growth.

The great American satirist Ambrose Bierce once described responsibility as:

> A detachable burden easily shifted to the shoulders of God, Fate, Fortune, Luck, or one's neighbor. In the days of astrology it was customary to unload responsibility upon a star.

In President Obama's budget titled the ''Era of Responsibility,'' President Obama is attempting to unload responsibility on future generations. This is the wrong way to go. I hope we can make some changes to the budget this week that will help us grow the economy instead of growing the size of the Government. A stronger economy is the best legacy we can leave to the next generation.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, just one part of what the Senator has said do I wish to seek to clarify, and that is that while the United States does have the second highest stated corporate rate, we have one of the lowest effective corporate rates in the industrialized world. The reason for the difference is all the exemptions and exclusions that exist in our code for corporate rates. So while we do have the second highest published or nominal rate for corporate taxes, if you look at all of the industrialized countries in the world and what their effective corporate tax rate is, you find that ours is well below average.

Now, that doesn't mean we shouldn't have tax reform because many of us believe we need thoroughgoing tax reform, but I think there is a certain amount of confusion about the difference between our statutory rates and our effective rates.

Mr. HATCH. Madam President, if the Senator will yield on that.

Mr. CONRAD. I am happy to.

Mr. HATCH. I understand the nominal rate argument. The problem is that we are talking about taxing the corporate profits that are earned overseas. No other major industrialized nation in the world does that. If they do that, they make us globally uncompetitive.

In just the last couple of weeks, I have been trying to raise money for the National Republican Senatorial Committee. As I have called around, it is amazing to me how many corporate executives have said to me: We love this country. We want our companies to grow in this country. We want to be able to stay here.

Some of them are second-generation folks. But I have had a number of them say that if we do some of the corporate tax changes and some of the tax expenses that are assessed in this bill, they will move. One in particular said: I am going to have to move my company to Switzerland because we will not be competitive if that particular budget passes.

Now, I believe we can make arguments that the nominal rate may be something that must be considered, and I think it should, but I don't think you can argue against the fact that we are doing some very stupid things in this budget. Frankly, in the end, we might wind up having a lot more difficulty and we may lose even more of our major businesses because to be competitive they will move, and a lot of them have already moved.

So let's wake up around here and let's realize that—look, I respect the distinguished Senator from North Dakota. He has one of the tougher jobs—he and our colleague, the Senator from New Hampshire, JUDD GREGG, have one of the tougher jobs in the history of the country. Doing these budgets is very difficult with some of the problems we have. But I have listed three things that are going to sock corporate America like you can't believe. Frankly, one of them is the third point on the prong, and that is taxing corporate profits overseas. It is just a matter of reality that if we do this, we are going to reap the whirlwind. It is just that simple.

Mr. DORGAN. Madam President, if my colleague from North Dakota would yield for a question on this subject.

Mr. CONRAD. I am happy to yield.

Mr. DORGAN. Our colleague from Utah, Senator HATCH, if he would just observe, this issue is not a new one. I know Senator GRASSLEY, who is on the Finance Committee, is here, and there has been a lot of discussion about this: Do we have an extraordinarily high rate of taxation on corporations or don't we? We just heard on the floor that we rank I think the second highest in tax rates on corporations. Well, this is not some arcane discussion between people who can't understand exactly what is happening. We rank, I believe, third from the bottom in the rate of taxes paid by corporations of all of the OECD countries—30-some countries, we rank third from the bottom, not from the top.

So they come out here and say: Well, we have a high rate. Our statutory rate is high, toward the top, no question about that, but that is not what corporations are paying. They are not paying the rate, they are paying the rate minus all of the deductions and loopholes. The fact is, the corporate tax burden in this country is right close to the bottom of all of the other industrialized countries. Now, this ought not be debatable. We can easily find out what the facts are. So are we competitive with respect to the corporate income tax? The answer is yes.

I understand why the Chamber of Commerce and others want to perpetuate this notion that somehow we overtax corporations, but, in fact, the taxes paid by American corporations rank right near the bottom of all of the 30 or so OECD countries, the industrialized countries—right toward the bottom, not the top. That is what they, in fact, pay. If we are going to debate public policy, let's debate it with a set of facts so that we all understand what the facts are. The fact that people are talking about this in the context of what is the tax burden on corporations? The answer is, we are toward the bottom of all of the OECD countries. Those are the facts.

Mr. CONRAD. Madam President, the Senator is correct. I am on the Finance Committee, and I have this responsibility on the Budget Committee. It is very clear, while we do have a high nominal rate—I think we are second highest in the industrialized world—the effective rate that companies actually pay, we are near the bottom.

At this point, I wish to yield 25 minutes to my colleague from North Dakota.

Mr. DORGAN. Madam President, I know this is a very important debate, this issue of the budget. This is: What are our priorities? I have said often that 100 years from now, we will all be dead and the only evidence of what our value system was right here, right know, will be evaluated by historians. Historians will be alive, and they will look back and say: What did that country believe in? What was their value system? What did they think was important? What did they invest in? So take a look at all of this and then make judgments.

We will have a debate all this week on this issue: What is important for the country? What do we believe represents our highest set of values? Kids? I have always said I know what might be in second, third, or fourth place in people's lives, but I certainly know what is in first place—their kids, right? So what about our budget with respect to health care for kids, just as an example. When we establish the priorities of what is important in our country, this is where we do it: in the budget. We debate it, we think about it, and then we say: This is what our country believes to be important. Here is what we should invest in to make this a better place in which to live.

I came to the floor to say something about the financial crisis and the financial meltdown in our country because that has a profound impact on this debate on the budget. This financial meltdown has begun to dry up the Federal revenues on the tax side. It has pushed up dramatically the expenditure side because we have what are called stabilizers in our economy. When people lose their jobs, they get unemployment checks. So we have these economic stabilizers that increase spending, even during this financial crisis when you see decreased revenue. That has a huge impact on this budget.

If this financial crisis has this kind of an impact on the budget, then we have a right to know what has caused all of this to happen, and what can we do to make sure it never happens again.

Last week, the Secretary of the Treasury announced a number of steps for financial regulatory reform, and those are a move in the right direction. He says we are going to regulate hedge funds, we are going to require the oversight of what are unregulated derivatives—these fancy, exotic financial products these days—we are going to require many of them to be regulated, although not fully. He needs to go further. But the Secretary is moving in the right direction to regulate hedge funds, to get rid of this dark money and bring derivatives and CDOs and credit default swaps and so on into the daylight. Then he talks about a powerful regulator that would be able to take a look at systemic risks and so on. I think all of that advances the ball and is in the right direction.

But this doesn't yet answer the larger question we have to answer with respect to this financial crisis and this meltdown. That larger question, using an automobile metaphor, is this: Is it time for a tuneup or is it time for a complete overhaul of the system? I come down on the side that you have to overhaul the entire system if you are going to provide the confidence needed in the American people going forward.

Now, let me explain how I see what has gone on. For the last 15, 20 years, we have had a bunch of people who were worshiping at the altar of this new type of finance—new financial instruments, new larger financial institutions, securitized credit, and selling the risk forward so that someone giving a home loan to a prospective homebuyer doesn't have to underwrite it or care so much about the risk, because they can sell that risk to an investment bank or a hedge fund, and sell it several times—these fancy, complex financial products.

I mentioned credit default swaps. There also has been a dramatic expansion of debt and leverage with almost every part of our financial enterprise in this country. Congress repealed the protections that used to exist for banks called the Glass-Steagall Act. Congress not only repealed these protections that used to protect banks so they could not invest in real estate and securities, and so on, but then allowed for the creation of the very large holding companies so they could get involved in one big financial swap—one-stop shopping. Gramm-Leach-Bliley did this, supported by the Clinton administration, I might say. These are all new-fashioned ideas. They got rid of the old-fashioned ideas, such as Glass-Steagall—just deregulate the market and don't worry about them.

Alan Greenspan chimed in, saying: I want to make a nice sound with all of this deregulation that is going on in Congress and I believe in self-regulation. We don't have to regulate. The Chairman of the Federal Reserve Board, Mr. Greenspan, said that would work. The lending terms and the incomes were from outer space; the incomes were unbelievable in all of these areas. And then the lending terms were completely unsupportable, and I will describe a few of those today.

We need to overhaul all this. What do we do to overhaul this? We have to get rid of this too-big-to-fail notion. We are now allowing banks that are too big to fail to merge with troubled banks, making them, apparently, too much bigger to fail, which is bizarre. We need to get rid of the holding companies, which never should have been allowed to happen in the first place. We need to go back to Glass-Steagall and create a portion of that to separate banking from the other risk enterprises.

Until we do that and address those fundamental questions, I think it is going to be very hard to instill the kind of confidence we want to instill in the American people. The New York Times asked the question in their editorial on Sunday of this week: What is it we are trying to fix? What caused the meltdown?

If you go back to the mid-1990s, I wrote an article in the Washington Monthly Magazine that was a cover story in 1994, I believe. The title was ''Very Risky Business.'' I wrote about derivatives, and I wrote that about tens of billions in derivatives that then existed. I introduced four pieces of regulation to regulate derivatives trading. None of it was acceptable because those involved in the new, modern approach to finance felt that you don't regulate these things. They will self-regulate and everything will be fine.

Of course, it was not fine and we had not only the notion of too big to fail, but the repeal of Glass-Steagall. We had the deregulation of all of this and the fusing of banking with riskier enterprises in holding companies. Regulators came to town boasting about the fact that we were willing to be blind. We had products developed that were hard to understand for even those engaged in trading them. Coupled with that, we had an unbelievable culture of greed, and the result was a financial meltdown.

The question is, what has caused, as the New York Times said, this house of cards? What is the cause? Do we know? Well, the fact is we need to know in order to move forward. The American people need to know. There needs to be a narrative that says here is what happened. We understand a portion of what happened, and it has been a calamity. Nobody understands all of it. The Attorney General of New York is doing some investigations here and there, but there is no comprehensive investigation. I believe there ought to be a select committee of the Senate, and I have introduced such legislation, with Senator MCCAIN as a cosponsor. I believe we must do a select committee of the Senate to address these issues. I believe we also ought to have a financial crimes task force at the Justice Department to prosecute that which is discovered is illegal—a whole series of things.

We need to reconnect Glass-Steagall and decide that too big to fail is a doctrine that itself is old-fashioned, and we have to run our banks through a banking ''carwash'' of sorts, where you get rid of the bad assets and keep the good and rename them, if necessary. We need a banking system that is a circulatory system of our economy. But we cannot ignore what happened. We have to understand what happened and we have to fix it.

Let me go back to 1999, if I might, during the debate over the repeal of Glass-Steagall and passage of a bill called Gramm-Leach-Bliley. I was one of eight Senators who voted against it. On May 6, 1999, I said this bill will, in my judgment, raise the likelihood of future massive taxpayer bailouts. It will fuel the consolidation of mergers in the banking and financial services. I said that 10 years ago. I felt that would happen if we decided to let the big banks get bigger, without regulatory involvement. I said during that debate that we will, in 10 years time, look back and say we should not have done that repeal of Glass-Steagall, because we forgot the lessons of the past.

I wish this didn't happen, but it did. I wish to talk about what we do now. There are four steps. One, investigation. We need to find out what happened here. The New York Times has said—and I agree—in their questions on reform—in Sunday's editorial, it says that without an investigation, the reform effort will be, at best, hit or miss and, at worst, a charade.

Congress should start now to gear up for an investigation, using as its model the 1930s Pecora inquiry into the stock market crash, or the Watergate hearings of the 1970s. Here is a picture of Mr. Pecora, whom I described. Mr. Ferdinand Pecora was chief counsel of the Senate Banking Committee during the 1930s investigating the Wall Street banking and stock brokerage practices. He was involved in an investigation that I think was a very important one with respect to the cause and effect of the Great Depression. A real investigation is necessary and it will at least give those people who are furious about what happened an understanding and an outlet to understand and be a part of knowing what happened.

Now, I want to talk about the roots of some of this and why I think it is scandalous. The trigger of this financial crisis, I think, was the subprime scandal. Under the subprime scandal, there was so much debt and leverage that it was nearly unbelievable. We need something such as that to develop the narrative of what happened.

Let me describe the triggering mechanism with respect to the subprime lending. I went to the Internet today, and I will read a couple of invitations on the Internet. This is from speedybadcreditloans.com:

> Do you want your loan approved on the terms you desire, with easy credit and no credit check? This is the smartest and fastest way to get the money you need for a home loan. Bad credit, no credit, bankruptcy, you have been declined before? Don't worry at Speedy Bad Credit Loans we have lenders dealing with all kinds of credit loans. You will get the money you need, and fast.

That is today. They are willing to loan on those terms today.

You can go to the Internet and find a dozen of these. In fact, I will show you this. Leading up to this crash, this financial crisis, Zoom Credit said this in their advertisement:

> Credit approval is seconds away. Get on the fast track, and at the speed of light they will approve you. Even if your credit is in the tank, Zoom Credit is like money in the bank. We specialize in credit repair and debt consolidation. Bankruptcy, slow credit, no credit, who cares?

Is it a surprise that a financial system that allows this nonsense to go on somehow, at some point, collapses? That is not a surprise to me.

Here is Millenium Mortgage's advertisement:

> Twelve months, no mortgage payment. That's right, we will make your payments for the first 12 months. Our loan program may reduce your current monthly payment by as much as 50 percent and allow you to make no payments for the first 12 months. Call us today.

Countrywide, the single largest mortgage company in America—by the way, its CEO was able to get out of this with around $140 million, or so, I am told. They said:

Do you have less than perfect credit? Do you have late mortgage payments? Have you been denied by other lenders? Call us. Are you a bad risk? Call us, we will lend you some money.

What did the biggest mortgage company in our country do? It made all these mortgages and then wrapped them up into securities—they securitized them. I have described it like the making of sausage, when they used to pack them with sawdust as filler. They packed these securities with good loans, bad loans, subprime loans, and conventional loans, and sold them to an investment bank, or a hedge fund—and, by the way, when you read about the toxic assets in the bowels of these institutions, these are the toxic assets.

Is it a surprise? This is bad business. They all made big money. They were like hogs at a trough, with unbelievable greed. They made massive amounts of money. Yet they were able to sell the risk forward, and the people in the hedge funds made money, and the people in the investment banks made money. The amount of money they made is unbelievable. Bear Stearns went belly up. Alan Schwartz, the CEO of Bear Stearns the 5 years prior, made $117 million. Jimmy Cane, the previous CEO, 5 years prior, made $128 million. At Lehman Brothers, Dick Fuld, 5 years prior to him going bankrupt, made $350 million. This was a carnival of greed. Everyone was doing well, except the economy, with this unbelievable avalanche of debt and leverage that all completely collapsed.

Now, we have a situation today where we have the American people trying to figure out what happened. I described the subprime loan scandal, which was at its roots. They were all making a lot of money by victimizing the American people. I should say some of the people were not victims. Some of these folks were willing victims because they wanted to buy a house with a special deal and flip it and make money. They got caught. They are not really victims. They were trying to profiteer. A lot of other folks were victims of this sort of scam.

I mentioned that these big investment banks took on all these assets and then got bailed out, and we now think there is $9 trillion of American taxpayers' money at risk going out through the back door of the Federal Reserve Board, Treasury, and the FDIC—$9 trillion. There has never been a hearing about that. No one has been able to get the Federal Reserve Board before a hearing to tell us where those trillions of dollars are pledged, who got the money, and how much money did they get. You cannot find out. The information we do have is pried out of the Federal Reserve Board. Bloomberg News corporation filed a lawsuit to get some of this information. That is unbelievable.

I mentioned these big financial firms that got all these bailouts. About $45 billion in TARP funds have gone to Bank of America. Bank of America got $30 billion in January of this year. Bank of America, last September, was urged to buy Merrill Lynch, a failed investment bank, by the then-Treasury Secretary Paulson. So what happened was the marriage was arranged by the Treasury Secretary and was going to be consummated in January. It turns out that in December, Merrill Lynch, which lost $27 billion in 2008, paid $3.6 billion in bonuses to their employees.

Let me say that again. An investment bank called Merrill Lynch that lost $27 billion—$15 billion in the fourth quarter alone—paid $3.6 billion in bonuses in December just prior to being taken over by Bank of America. Then Bank of America received $20 billion in TARP funds from the American taxpayers—in addition to $10 billion it had just been paid, which was initially allocated to Merrill Lynch. Pretty unbelievable.

Here are the Merrill Lynch bonuses, $3.6 billion. The top four executives got $121 million. This is for a company that lost $27 billion last year and was a failing company. Madam President, 694 executives got more than $1 million each. These are bonuses that would normally have been paid in January. They were paid in December, and my suspicion is they were paid by arrangement with Bank of America to be paid before the end of the year and before $30 billion went from the American taxpayers to Bank of America that just took over Merrill Lynch. That means, in my judgment, the American taxpayers paid bonuses to those who worked for a company that lost $27 billion in a year.

Do people have a right to be furious about this situation? You bet they do, and they should.

There are a lot of needs we have in this country to try to find a way to fix this situation so it never happens again. But as I have indicated, the first step, it seems to me, always is to try to understand what has happened and what to do about it.

The Washington Post had a story recently. In fact, I believe it was an editorial. They talked about the fact that hedge funds were not a part of the problem in this financial meltdown. I don't know about that. Let me show some examples of incomes at the hedge fund level. This is a man named James Simons. There is no implication here about being right or wrong, legal or illegal. My point is about the spectacular amount of income, what I call incomes from outer space. Mr. Simons made $2.5 billion last year—$2.5 billion. It is interesting. He runs a hedge fund.

Here is a man named John Paulson, who also runs a hedge fund. He made $2 billion last year. It seems to me he is probably profoundly disappointed because the year before, John made $3.7 billion. And, oh, by the way, my best guess is that each of them probably pays a 15-percent income tax rate, something called carried interest. But that is another story for another day. They pay income tax rates, in most cases, that would be below the marginal tax rate paid by their receptionist in their office. That is not their fault. That is the fault of the Tax Code and the fault of this Congress for not changing it.

John Paulson last year made $3.7 billion. He has a reason probably to come home and say: Honey, we need to tighten our belt here. Madam President, $3.7 billion—by the way, that is $10 million a day. In 2007, he made in 4 minutes what the average worker works for a year to make. Incomes from outer space, big old hedge funds—they play a role in this collapse. The Washington Post said they have played no role. Oh, really? Really? Where are they in the food chain of derivatives, credit default swaps, CDOs? Does the Washington Post know? Of course, it doesn't. It doesn't have the foggiest idea what role hedge funds may have played in this situation.

What we do know is there is a lot of dark money out there traded off the exchanges. Nobody knows what risk you have. That is why you have had all these big-shot bankers walking around acting like they are in some sort of seizure because nobody knows how much risk has been taken on. Every time we turn around it is more. It is billions, hundreds of billions, then trillions of dollars.

As I said earlier, we need to create a select committee in the Senate and soon. It is this body's job. We are the ones who send the money out. We are the ones who have said we are going to provide $700 billion of TARP funds. It is our responsibility to track it and to understand what has caused its need.

Second, I think there is a substantial reason—by the way, there are some attorneys general of this country, including Mr. Cuomo in New York, who are doing first-rate work in investigating. But I think there is substantial reason to believe there is a need for a national financial crimes prosecution task force.

Do I think all of this is criminal? Not at all. I think some of it is born of ignorance, some of it is born of greed, some of it is born of deliberate, willful blindness. But there are some, in my judgment, who desperately deserve to be investigated and, if necessary, prosecuted.

Finally, real reform. Real reform exists when we have real regulators, when we revisit 1999 and restore a portion of Glass-Steagall, when we decide to take down the ceilings and walls of these large holding companies, when we decide we are going to restore, once again, trust in banks.

Let me also say that in my home State, I visit with a lot of community bankers. They are not at risk. They did not do this. They did not invest in these assets. Most of them did banking the old-fashioned way. They took deposits and made loans. When they made loans, they underwrote the loans. That is the way banking ought to be done. We need to revisit that with respect to some of the largest banking and financial enterprises in our country.

I am convinced we can fix all of this. I understand there is great anxiety. None of us have been here before. No one quite knows what is the medicine to try to address this economic illness. I understand. There is reason to be anxious. But I am also convinced we can and we will find the opportunity to put this back on track and fix what is wrong in this country. We will not fix what is wrong unless we understand the core and root cause of what has happened.

There is nothing I see—nothing I see—that is going to give us that answer. It is our responsibility. If we are required to put up the money, to try to find a way to invest in future health and so on, it is our responsibility to find out what happened and make sure it cannot happen again.

Steps are being taken in the right direction. I applaud those steps by the Treasury Secretary and others. But we are not nearly there with the giant steps that are necessary to fix that which has been existing now and growing for a decade or two.

Finally, I was telling a group the other day about Ray Charles, who used to sing that great song ''America the Beautiful,'' when he sang '' . . . spacious skies, For amber waves of grain, For purple mountains majesties. . . .'' The interesting thing about Ray Charles, who sang that song unlike anybody else could sing it, was he was blind. Somehow, to me, it always meant it wasn't so much someone being able to see this as it was to experience what the idea of America is. America is an idea. Part of this idea, born over two centuries now, is we have the capability to do almost anything if we get together and decide to work together. We can do that now. We can put this country back on track. This is a financial collapse of significant proportions, perhaps the greatest crisis we have faced since the Great Depression. But I am not despondent about that if we can begin to take the steps—not the baby steps but the big steps—in the right direction to decide to fix what went wrong. The first step to do that always is to understand what went wrong and then join together and say: We can make this right; we can make a better future happen if we decide to link arms and come up with the answers.

I am going to speak, at some point later, on the budget as well. But nothing impacts this budget in a more profound way than the financial collapse and meltdown which we have seen. It dramatically increases the need for funding for economic stabilizers, unemployment and so on and it substantially reduces the revenue. It has caused a substantial increase in deficits. Even as we debate this budget going forward for 2 years, 5 years, 10 years, the fact is we have to get this right. We have to put this economy on track, and I believe we can do that if we make the right decisions very soon.

I yield the floor and suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

Mr. GREGG. 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. GREGG. Mr. President, at this point, I yield to the Senator from Iowa, and I ask unanimous consent that upon completion of his statement, unless the Democratic membership has a speaker to intercede, the next speaker be the Senator from South Dakota, who will be recognized to offer the first amendment, which I understand on our side is going to be acceptable.

Mr. DORGAN. Mr. President, reserving the right to object, and I will not object, the point is following the next Democratic speaker, if there is one?

Mr. GREGG. Yes.

Mr. DORGAN. I do not have an objection.

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

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, today the Senate begins consideration of whether we should apply more or less budget discipline to record debts and deficits that my President, President Obama, inherited when he came into office January 20 of this year.

Last week, we heard a lot of revisionist fiscal history or it might best be described as heavy editing of recent budget history. Our President has alluded to it several times. I agree with the President there is a lot of revisionism in this debate. The revisionist history basically boils down to two conclusions: The first is that all the good fiscal history of the 1990s was derived somehow from a partisan tax increase bill that passed in 1993; and that, two, all the bad fiscal history of this decade to date is attributable to the bipartisan tax relief plans of 2001 and later.

Not surprisingly, nearly all the revisionists who speak generally oppose tax relief and support tax increases. The same crew generally supports spending increases and opposes spending cuts.

In the debate so far, many on this side of the aisle have pointed out some key and undeniable facts. It might surprise you, but we happen to agree with President Obama on one key fact. This President did inherit a big deficit and a lot of debt.

During the last quarter of 2008, the antirecessionary spending, together with lower tax receipts because of the recession, and the TARP activities has set a fiscal table of a deficit of $1.2 trillion. That was, in fact, on the President's desk when he took over the Oval Office on January 20 of this year. That is the highest deficit as a percentage of the economy in post-World War II history inherited by any of the Presidents since World War II.

Quite obviously, this is not a pretty fiscal picture. I have a chart that shows the history of that fiscal time, through the last administration and the big deficit at this point about which President Obama speaks.

As predicted a couple months ago, that fiscal picture got a lot uglier with the stimulus bill. For the folks who saw that bill as an opportunity to recover America, with Government taking a larger share of the economy over the long term, I say congratulations because you got what you wanted. For those Senators who voted for the stimulus bill, those Senators put us on a path to a bigger role in Government.

So let me make it clear. Those Senators who voted for the stimulus bill, you put us on a path to a bigger role in Government. Over a trillion dollars of new deficit spending was hidden in that bill. It caused some of the extra ink on this chart for the year we are in. This is what was inherited by January 20, but legislation passed since January 20 adds that much. Supporters of that bill, then, as far as I am concerned, need to own up to the fiscal course that has been charted by actions of this Congress and this President since January 20.

Now, to be sure, after the other side pushed through the stimulus bill and the second $350 billion of TARP money, the Congressional Budget Office reestimated the baseline. A portion of this new red ink upfront is due to that reestimate. The bottom line, however, is that the reestimate occurred several weeks after the President and a robust Democratic majority took over the Government. Decisions were made, and the fiscal consequences followed. Those fiscal consequences are in these red figures, above what would have been if Bush's budget had stayed in place during this period of time. That is where we would be.

Some on the other side raise this point about the March CBO reestimate. Of course, that is fine, but if they were to be consistent and intellectually honest, then they would have to acknowledge the CBO reestimate that occurred in 2001, after President Bush took office. The surplus went south because of what? Because of economic conditions. The $5.6 trillion number—so often quoted by those on the other side—was illusory. And I will say more about that in just a few minutes.

Here is where the revisionist history comes from. It is a strategy to divert, through a twisted blame game, from the facts before us. How is the history revisionist? Well, I would like to take each conclusion one by one.

The first conclusion is that all of the good fiscal history was derived from the 1993 tax increase. To knock down that falsehood, all you have to do is take a look at this chart. And this chart is not produced by data I accumulated but data from the Clinton administration. So here we have a history put forth with data from the Clinton administration about the tax increase of 1993 and whether it did a lot of good or not so much good.

Much of the ballyhooed partisan 1993 tax increase accounts for just 13 percent—just 13 percent—of the deficit reduction that took place during all of the 1990s—again, just 13 percent.

Now let's look at what are the biggest sources of deficit reduction, because obviously it is not the tax increase.

Thirty-five percent came from a reduction in defense expenditures. Of course, that fiscal benefit originated from President Reagan, who stared down the Communist regime in Russia. The same folks on that side who opposed President Reagan's buildup somehow want to take credit for the fiscal benefit of the peace dividend—that 35 percent.

The next biggest source of deficit reduction—32 percent—came from other revenue. Basically, this was the fiscal benefit from progrowth policies, such as the bipartisan capital gains tax cut of 1997 and, of course, the free-trade agreements President Clinton, with Republican votes, established. That is the 32 percent that reduced the deficit from that point of view.

The savings from the policies that I earlier mentioned translated, obviously, into interest savings, and that interest savings is this 15 percent right here.

Now, for all the chest thumping about the 1990s, the chest thumpers who pushed for big social spending didn't bring much to the deficit reduction table of 1990. That amounted to a mere 5 percent.

What is more, the fiscal revisionists in this body tend to forget who the players were. They are correct that there was a Democratic President in the White House, but they conveniently forget that the Republicans controlled the Congress for the period where the deficit came down and turned to surplus. They tend to forget that they fought the principle of balanced budgets, which was the centerpiece of the Republican fiscal policy that led, over a 4-year period of time in the late 1990s, to paying down $570 billion on the national debt.

Now, you may remember the Government shutdowns of late 1995. Remember what that was all about? It was about a plan to balance the budget. Republicans paid a pretty high political price for forcing that issue. But in 1997, President Clinton agreed. You may recall all through the 1990s what those yearend battles were all about. On one side were congressional Democrats and the Clinton administration pushing for more spending, and on this side of the aisle congressional Republicans were pushing for tax relief. Well, what happens when you have that extreme—more spending on the one end, less spending and tax decreases on the other? Both sides end up compromising. That is the real fiscal history of the 1990s.

So now let's turn to the other conclusion of the fiscal revisionists. That conclusion happens to be that in this decade, since the year 2000, all fiscal problems are attributable to the widespread tax relief enacted in 2001, 2003, 2004, and 2006. In 2001, President Bush came into office. He inherited an economy that was careening downhill. You know, NASDAQ lost 50 percent of its value in the year 2000, not in the year 2001. That bubble burst. You may remember that starting in February 2000, we started on a 46-month decline in manufacturing, so we had a manufacturing recession already set in place. Then, of course, came the economic shock of the 9/11 terrorist attacks. And, of course, you have to add in corporate scandals to that economic environment. You will remember Enron.

It is true—very true—that as fiscal year 2001 came to a close, the projected surplus turned into a deficit, and the chart shows that right here in 2001. In just the right time, though, the 2001 tax relief plan kicked in. As the tax relief hit its full force in 2003, the deficit grew smaller. This pattern continued from 2003 through 2007.

If my comments were meant to be a partisan shot, I could say that this favorable fiscal path from 2003 to 2007 was the only period—aside from the 6 months in 2001—where Republicans controlled the White House and the Congress. But, unlike fiscal history revisionists, I am not trying to make any partisan points. I am just trying to get to the fiscal facts.

I have another chart that compares the tax receipts for 4 years after the much-ballyhooed 1993 tax increase and the 4-year period after the 2003 tax cuts. Observe this chart. On a year-to-year basis, this chart compares the change in revenues as a percentage of GDP. In 1993, the Clinton tax increase brought in more revenue as compared to the 2003 tax cut. You can see here, compared to here. That trend does reverse, as you see here, as both policies moved along. You can see how the extra revenue went up over time relative to the flat line of the 1993 tax increase.

This is the 1993 tax increase bringing in revenue and then pretty much flatlining out over a long period of time; whereas you can see the tax relief bill of 2001 went down and then very dramatically increased in revenue. This ought to disabuse people who think that every time you increase tax rates you bring in more revenue and when you decrease tax rates you bring in less revenue. This chart shows that you can decrease tax rates and bring in more revenue.

So let's get the fiscal history right. The progrowth tax and trade policies of the 1990s, along with the peace dividend, had a lot more to do with deficit reduction in the 1990s than the 1993 tax increase. In this decade, deficits went down after tax relief plans were put into full effect.

Now that is the past. We need to make sure we understand it. You have to understand the past because the past is going to be brought up the next 4 days of this week as we are on this budget resolution. And, by golly, people ought to be accurate when they state what the impact is of the 1993 tax increase versus all the blame that is given on this side of the aisle for actions taken in 2001 and beyond with those tax reductions.

What is most important is the future. People in our States send us here to deal with future policy. This budget debate should not be about Democrats flogging Republicans and vice versa. The people don't send us here to flog one another like partisan cartoon cutout characters, and do it over past policies. They do not send us here to endlessly point fingers of blame. Let's focus on the fiscal consequences of the budget that is before the Senate over the next 4 days.

President Obama rightly focused us on the future with his eloquence during his campaign. I would like to paraphrase a quote from the President's nomination acceptance speech:

> We need a President who can face the threats of the future, not grasping at the ideas of the past.

Well, President Obama was right. We need a President—and I would add Congressmen and Senators—who can face the threats of the future. This budget as currently written poses considerable threats to the fiscal future. It taxes too much, it spends too much, and it borrows too much. Grasping at ideas of the past, or playing the partisan blame game, will not deal with the threats to our fiscal future.

Let's face the honest fiscal facts. Let's not revise fiscal history as we start this critical debate about the fiscal choices ahead of us. The people who send us here have a right to expect nothing less of us.

As I noted in remarks just completed a shorttime ago, a portion of the new deficits to the Congressional Budget Office March re-estimate. CBO revised the deficit downward by $1.3 trillion over 10 years. The revision is attributable to much worse economic conditions. The bottomline, however, is that re-estimate occurred several weeks after the President and robust Democratic majorities took over the government. Decisions were made and the fiscal consequences followed.

Some on the other side raise this point about the March CBO re-estimate. That's fine, but, if they were to be consistent and intellectually honest, then they would have to acknowledge the CBO re-estimate that occurred in 2001 after President Bush took office. The surplus went South because of economic conditions and new spending needed to deal with the consequences of the 9/11 terrorist attacks. The $5.6

trillion number so often quoted by those on the other side was revised within a year of President George W. Bush's presidency.

In January 2002, CBO revised the $5.6 trillion number downward to $1.6 trillion. To listen to folks on the other side, you would think all of that $4 trillion downward adjustment was attributable to the bipartisan tax relief of 2001.

In fact, the tax relief accounted for 40 percent of the adjustment. Most of the balance, $2.6 trillion, was due to factors that had noting to do with the tax relief. I am talking about the reduced revenues, increased spending for the war on terror and homeland security and other factors.

So, if folks on the other side want to be intellectually honest about the budget and fiscal history, they need to be consistent on how the CBO re-estimates are treated. If you are going to give President Obama $1.3 trillion for the post-January 20, 2009 re-estimates, then you have to give President George W. Bush credit for twice as much, $2.6 trillion. That's what CBO said in January 2002. we can't have different standards for different people and be intellectually honest.

One other point that came up was the comparative corporate tax rates. As Senator HATCH pointed out, the U.S. statutory corporate rate is very high. The Chairman of the Budget Committee agreed but then stated that the U.S. effective corporate rate is relatively low. Business taxation occurs in corporate and non-corporate form, through S corporations, partnerships, and proprietorships. If you want to compare U.S. taxation with the rest of the developed world, it is best to look at comparative business tax rates on investment. If you do so, you will find the U.S. has a higher rate than the G–7 group of comparative economies. You will find this data in an analysis prepared by former Senior Treasury Economist Robert Carroll.

This analysis is contained in an August 2008, Tax Foundation paper entitled ''Fiscal Fact Comparing International Corporate Tax Rates: U.S. Corporate Tax Rate Increasingly Out of Line by Various Measures.''

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President, this week the Senate focuses on the Federal budget and folks at home are going to hear a lot about reserve funds and reconciliation and a lot of other technical budget lingo. A reserve fund, for example, is not some kind of checking account where you can go get a bunch of money to spend on Government programs. It is more like a work plan that is used to structure how difficult policy judgments are made on important issues.

Budget reconciliation is perhaps even more incomprehensible to folks. That is why I want to spend a few minutes this afternoon talking about what it means, particularly in terms of health care reform, which we all understand is a particularly pressing domestic concern. Budget reconciliation, strictly speaking, means reconciling Government policy with budget targets. If you were to pursue health care reform using budget reconciliation, you would, under the Senate rules, need only a majority vote here in the Senate as opposed to 60 votes, which is often needed in the Senate to cut off debate. So Senators now find themselves being buttonholed by reporters for something of a health care interrogation. The question invariably is, is a Senator in favor of using reconciliation for health care reform?

The theory, I gather, is if a Senator is in favor of using budget reconciliation, the Senator is just in favor of bullying health care reform through the Senate with a narrow majority. And somehow, if a Senator is not for using reconciliation on health care reform, that Senator is not sympathetic to the cause of fixing the American health care system.

It is my view that, like most of these kinds of issues, this is vastly oversimplifying the case. In my view, I have spent more than 5 years trying to make the issue of reconciliation on health care irrelevant. Senator BENNETT and I, for example, have teamed up, now joined by 14 colleagues of both political parties, evenly divided, because we believe it is critically important to address this issue of health care reform in a bipartisan way.

Every time we talk about this issue, we talk about our desire to work with the chairman of the Finance Committee. I see the ranking minority member on the floor, Senator GRASSLEY. It is our desire to work with Chairman BAUCUS and Senator GRASSLEY and Chairman KENNEDY and our colleague from Wyoming, Senator ENZI. Everything we have worked toward in this area of health care reform has been pointed toward the goal of making reconciliation irrelevant because we wish to be part of an effort, working with Chairman BAUCUS and Senator GRASSLEY and Chairman KENNEDY and Senator ENZI, on a path to getting 68 to 70 votes here in the Senate so we can have an enduring and bipartisan coalition in place to fix American health care.

I will tell you, on the basis of visiting most of our colleagues in their office to listen to them on the issue of health care reform, I think it is possible to find a path to 60 to 70 votes on this critical domestic question. I think there is a growing consensus here in the Senate that both political parties have been right on major concerns they have about American health care. I think there is a growing awareness that our party, the Democratic Party, has been right on the issue of ensuring that all Americans have good quality, affordable coverage. If you don't do that, what happens is the people who are uninsured shift their bills to the insured and they shift the most expensive bills. So you cannot fix this system unless you get all Americans good quality, affordable coverage.

I think Republicans have had a very valid point with respect to giving flexibility to the private sector on the issue of health care. It is important, so as to not freeze innovation, to make sure there are not price controls, there are not global budgets so there are plenty of private sector choices, the way Members have with respect to this issue. It is something of a philosophical truce. Democrats have been right on the issue of making sure that you expand coverage to stop the cost shifting and deal with the question of holding down costs which is so important to American business and tough global financial markets. And Republicans have had a valid point with respect to the role of the private sector.

I think there is a growing consensus about how, if you are going to contain costs in American health care, you have to go to areas that change the incentives, that drive the behavior in American health care. Right now, most individuals don't even have a choice with respect to their health care. If they are lucky enough to have employer-based coverage, they don't get a choice. So they are already in a position, in my view, that is not fair and certainly is not in sync in a way that works for the Members of the Senate. The distinguished President of the Senate and every other Member come here and get plenty of private sector choices for their health care, and I think there is a growing sense here in the Senate that those kinds of choices ought to be available to all Americans. Fourteen Senators are behind legislation that would do that. I point out the very fine white paper offered on American health care by the distinguished chairman of the Finance Committee envisions Americans having more choices for their coverage, the way Members of Congress have.

We are going to talk about a lot of issues this week with respect to the budget. You are going to hear a lot about reserve funds and reconciliation. I hope that as colleagues go through this topic and issues related to it, the rules with respect to how you are going to pay for American health care, I hope there will be a recognition that a lot of Senators wish to make the issue of reconciliation on health care irrelevant.

Senator BENNETT and I, for example, have received a report from the Congressional Budget Office—it is on my Web site—making it clear that our proposal is revenue neutral 2 years in and in the third year starts bending the cost curve downward. The way we get those savings, in most particulars, is through approaches that Chairman BAUCUS has advocated in the white paper I have mentioned here on the floor.

There are plenty of opportunities for finding common ground on this budget, on bringing Democrats and Republicans together on key issues such as health care, on making the whole question of reconciliation go by the boards because Democrats and Republicans have come together.

I want to close by commending Chairman CONRAD for the approach he has taken with respect to the budget and for his desire, particularly, to work in the health care area of the budget in a bipartisan way. He worked with me, for example, on the issue of suggesting in the budget that periodic reports would have to be made with respect to health cost containment. That sends a strong message that the Senate is not going to wait around for 10 years or so to see if there are any savings. Chairman CONRAD has added language to make it clear that on an ongoing basis there should be an effort to wring out savings from the existing $2.5 trillion being spent on American health care this year. Chairman CONRAD does not want to sit around and wait for 10 or 12 or 15 years to see if anybody can save some money on American health care. He has picked up, as the Congressional Budget Office said in their report to Senator BENNETT and me and our colleagues, there are savings that can be made over the next few years.

There is enough money being spent on American health care today. It is not being spent in the right places. This year we will spend $2.5 trillion on health care. There are 305 million of us. If you divide 305 million into $2.5 trillion, you can go out and hire a doctor for every seven families in the United States. You could hire a doctor for every family in the State of Virginia or Oregon or elsewhere, pay the doctor $225,000 a year, and invariably when I bring this up to physicians, they say: Where can I go to get my 7 families?

We spend enough on health care. We don't spend it in the right places. Chairman CONRAD, by approaching the health care issue as he has in this budget, allows us to first focus on the savings that can be produced out of the existing $2.5 trillion. I commend Chairman CONRAD for working with us in that fashion.

I also commend the ranking minority member for his work on health care as well. He is a cosponsor of the Healthy Americans Act and has made it very clear that he wants to work with Chairman BAUCUS and Senator GRASSLEY and Chairman KENNEDY and Senator ENZI so that we bring the Senate together in a bipartisan fashion.

There is much to work with here. As Senators do get buttonholed by reporters with respect to the issue of whether they are in favor of using reconciliation for health reform, I hope Senators will see that this is not a yes or no answer but that there is a large and bipartisan group of us who want to pass health care reform this year on President Obama's timetable—this year—but we want to do it by bringing Democrats and Republicans together and making the issue of reconciliation on the issue of health care reform irrelevant.

I yield the floor.

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. CONRAD. 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. CONRAD. On a number of previous speakers, I am afraid I had to be away from the floor to deal with some of the challenges back home with flooding. Some of the previous speakers have referenced tax increases as part of the budget I have offered my colleagues in the Senate.

Let me indicate very clearly, the budget resolution that is before us has net tax cuts, net tax cuts of $825 billion. The other assertions directed at the President's budget about tax increases—and there are tax increases in the President's budget and in my budget, but they are completely dwarfed by the tax cuts that are in our budget.

In the President's budget, over 10 years, he has $2.4 trillion of net tax cuts. In other words, if you take the tax raises that are in the President's budget and you stack them up against the tax cuts in the President's budget, he has a net of $2.4 trillion of tax cuts over 10 years.

In the budget I have offered my colleagues that has come from the Budget Committee, that is a 5-year budget instead of a 10-year budget of the President, we have net tax cuts of $825 billion.

Here is why that is so. Middle-class tax relief from 2001 and 2003 is all extended in this budget. That means the 10-percent tax, the child tax credit, the marriage penalty relief, the education incentives, all those things are extended in this budget for those earning less than $250,000 a year.

The net effect of that change alone is $601 billion tax relief. In addition, we provided relief from the alternative minimum tax for 3 years. That costs $216 billion. We have estate tax reform that takes the level of exemption to $3.5 million per person, $7 million per family. That means 99.8 percent of the people in this country will pay no estate tax. None. Zero. That costs $72 billion.

We have business tax provisions and extenders, those provisions that periodically have to be extended. They are incentives to the business community. That costs $69 billion. That is a total of $958 billion of tax reductions over 5 years. And then if you look at the offsets, the loophole closers, going after the offshore tax havens, the abusive tax shelters, that raises $133 billion for net tax reduction over 5 years of $825 billion, most of it for the middle class.

I see Senator THUNE here now. If he is ready to go, we would be ready for him to go. How much time does the Senator seek?

Mr. THUNE. Probably 15 minutes.

Mr. CONRAD. I yield 15 minutes of Senator GREGG's time to Senator THUNE.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

AMENDMENT NO. 731

Mr. THUNE. I thank the Senator from North Dakota for yielding. I call up an amendment I have filed at the desk and ask unanimous consent that it be made pending.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from South Dakota [Mr. THUNE] proposes an amendment numbered 731.

Mr. THUNE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment (No. 731) is as follows:

(Purpose: To amend the deficit-neutral reserve fund for climate changes legislation to require that such legislation does not increase electricity or gasoline prices)

On page 33, line 21, after ''economy,'' insert ''without increasing electricity or gasoline prices,''.

Mr. THUNE. The Senate is in the process of an important fiscal debate which will set the Federal budget for the next 5 years. The budget process is particularly important as our Nation faces a prolonged recession and an ongoing financial crisis.

I think there are two primary questions facing the Congress at this time. One is, how do we help the middle class cope with the current recession. Secondly, how do we create jobs and investments that will lead us out of this recession?

The Democratically led Congress, I believe, missed a major opportunity to address the economic recession during the debate of the stimulus bill. Rather than providing significant tax relief for middle-class families and small businesses, Congress poured billions of taxpayer dollars into Government programs and pet projects.

The middle class was largely left behind in the stimulus bill. In return for an $800 billion stimulus bill, the average taxpayer gets a temporary tax break of roughly $8 per week, not even enough, in most places, to buy a cup of coffee each day.

Unfortunately, the administration's budget proposal is another missed opportunity to address the fundamental issues that are plaguing our economy. Not only does the administration's budget increase taxes on families and small business owners, it calls for a massive national sales tax on energy as well.

This sales tax, which is implemented in the name of global warming, will dramatically increase energy costs for all consumers. I wish to point out something that President Obama said with regard to that energy cap-and-trade plan. He said:

Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.

This regressive national sales tax on energy will hit lower and middle-income households at a time when they can least afford it. Now, incidentally, the architect of the President's budget, Peter Orszag, who is the Director of the Office of Management and Budget, agrees that the President's energy tax will have a significant impact on energy prices, and lower income families will bear a greater burden on account of this tax.

Orszag testified before Congress that a cap-and-trade program would increase energy costs which will immediately be passed on to the consumer. During a House of Representatives Budget Committee hearing in 2007, Mr. Orszag stated:

> Under a cap-and-trade program, firms would not ultimately bear most of the cost of the allowances, but instead would pass them along to their customers in the form of higher prices for products such as electricity and gasoline.

Orszag is also on record saying:

> The higher prices caused by the cap would lower real wages and real returns on capital, which would be equivalent to raising marginal tax rates on those sources of income.

In September of 2008, Mr. Orszag testified before the House Committee on Ways and Means.

> The rise in prices for energy and energy-intensive goods and services would impose a larger burden relative to income on low-income households than on high-income households.

Both Mr. Orszag and President Obama, they are not the only ones who believe higher energy prices on account of climate change legislation will have a greater negative impact on low-income families.

I quote from the Wall Street Journal on March 9 of this year:

> Cap-and-trade, in other words, is a scheme to redistribute income and wealth, but in a very curious way. It takes from the working class and gives to the affluent; takes from Miami, Ohio, and gives to Miami, Florida; and takes from an industrial America that is already struggling and gives to rich Silicon Valley and Wall Street ''green-tech'' investors who know how to leverage the political class.

I would also quote from Warren Buffet.

> That tax [the cap-and-trade tax] is probably going to be pretty regressive. If you put a cost on putting carbon into the atmosphere . . . it's going to be borne by customers. And it's a tax like anything else.

Now is not the right time to place another burden on families who are struggling to make ends meet during the current recession. Many two-income families are now reduced to one. One-income families are trying to make do with reduced wages or fewer hours. Mortgage payments have become a burden too great for millions of families. In light of the unprecedented challenges that are facing the middle class, I find it unconscionable that President Obama and the Democrats in Congress want to place an indirect tax on these families through increased energy costs.

In April of 2007, MIT conducted an economic study of the Sanders-Boxer climate change bill. Interestingly enough, at that time, 2007, then-Senator Obama was a cosponsor of that bill. The proposal he has put in front of us very closely resembles that proposal.

MIT concluded in their analysis of that particular piece of legislation that the Federal Government would take in an additional $366 billion in revenue each year, which is equivalent to over $3,128 per household. That is in the year 2015.

Having said that, if you think about $366 billion coming in in additional revenue to the Federal Government, that means someone in this country is paying that tax. As I mentioned earlier, many have concluded it is not going to be the utilities, those taxes are going to be passed on and borne by power consumers, electric, fuel consumers in this country.

If the MIT study is correct, that would be equivalent to over $3,100 per household. So I think it is important to note that President Obama's cap-and-trade tax is even more stringent than the Sanders-Boxer climate change bill, which I alluded to, which the MIT study makes reference to, which would only increase the national sales tax on energy prices.

In other words, President Obama's cap-and-trade proposal is even more stringent than the one that was analyzed by researchers at MIT who concluded, again, it would cost the average household in this country over $3,100 per year.

President Obama wants to take some of the proceeds from the carbon tax revenue and give it back to families through the Making Work Pay tax credit. The Making Work Pay tax credit totals about $400 per individual and about $800 per married couple. This credit barely covers a fourth of the household costs of the energy cap-and-trade tax of $3,100 per household.

The President's message to the middle class is: Don't worry about paying the additional $3,100 each year in higher energy costs because the Government is going to refund $800 of that total in the form of the making-work-pay tax credit. That comes out to about a quarter of what the tax is going to be, the energy tax that each family will be faced with, if this particular proposal were to become law.

Additionally, a significant number of individuals and married couples making less than $250,000 a year are not going to be eligible for the making-work-pay tax credit and are still going to be hit by the national sales tax on energy. The national energy sales tax is a direct contradiction to President Obama's campaign pledge not to increase taxes on those making less than $250,000 a year. The making-work-pay tax credit does not apply to a lot of people who make under that amount. The energy tax will apply to all of the people in this country to the tune of about $3,100 a year, according to the MIT analysis.

According to a recent Washington Times article, the Obama cap-and-trade proposal could be far more costly than the estimated figures in the Obama budget blueprint. According to this article, President Obama's climate plan could cost close to $2 trillion, which would inevitably be passed on to consumers in the form of higher electricity, gas, and heating oil, as well as higher prices for other goods and services affected by higher energy costs. That is a bad deal for hard-working, taxpaying Americans, and it is the wrong solution to our economic problems.

Like many Midwest States, South Dakota is heavily dependent upon coal power to meet our energy needs. One public power utility in South Dakota analyzed what little details are available on the President's national sales tax on energy and determined that their power costs would increase by $107 million per year by 2015. That represents a 65-percent increase in annual power costs. One of the largest municipal power customers would see their annual costs go up by $13 million for a rural community of just over 20,000 residents. That community is Watertown, SD. One of the largest industrial customers of a municipal power provider would see their electric bill increase by $2 million per year.

Like many other States, South Dakota is trying to deal with the economic recession and is looking for ways to create jobs and help businesses grow. The President's proposal to tax energy will result in a new annual tax of $2 million on just one business in my State. It will kill jobs and stifle economic growth, and it should not be included in the fiscal year 2010 budget resolution.

In the words of the CEO of this South Dakota-based power public power provider:

> In plain English, [the President's climate change proposal] represents a perpetual tax increase on our electric consumers.

I want to show another power company in South Dakota, Black Hills Corporation, a diversified energy company serving customers in South Dakota, Colorado, Wyoming, Kansas, Nebraska, and Iowa. They have provided some generic examples of how a cap-and-trade proposal would impact the monthly electric bills of various types of customers. The first chart is at $50 per ton of carbon dioxide, a monthly residential bill increases from $94 to $154. That is your average residential bill. A small commercial customer would see their monthly bill increase from $4,500 to $7,500 per month. You probably can't see, because this is fairly small print, that increase, but if you look at what the estimate is, the current cost being $4,500 for a small commercial customer bill, under the proposed climate change tax, if enacted, that would go up to about $7,500 per month.

So we are looking at about a 67-percent increase per month. When you start multiplying that out, it becomes a staggering amount of money on an annual basis.

A school customer would see their electric bill—this is the same power company, same statistics that apply to this, about $50 per ton of carbon dioxide—if they had a typical bill today of $15,000, under this particular plan they could see that electric bill go from $15,000 a month to $30,000 a month. Again, you probably can't see the small print, but essentially what it is telling us is that a current $15,000-per-month cost for electricity for a typical school in South Dakota would virtually double on a monthly basis. If you annualized that, that is $180,000 a year additional cost for a school in South Dakota which, in most cases, is struggling to provide school supplies and pay teachers fair salaries.

Finally, take a look at a large industrial customer bill, the current monthly cost for power. With the energy tax that is under consideration in the President's proposal, that would go up to about $234,000 per month under the cap-and-trade proposal.

I guess my point is, when you start looking at the kinds of costs this imposes on industries—and I used these examples from my State and information that was furnished to us by utility companies there—if you take a large industrial customer who is going to see their energy costs increase by $110,000 each month and you annualize that, you are looking at an additional $1.4 million each year on account of this proposal.

The bottom line is, the amendment I have offered would amend the reserve fund included in a future climate cap-and-trade proposal. I know several of my colleagues, Republican colleagues, will be offering amendments to strike or lessen the impact of the President's national sales tax on energy as part of the budget process.

What my amendment does is ensure that any cap-and-trade proposal drafted under this deficit-neutral reserve fund would not increase gasoline prices or electricity rates for consumers. I believe this amendment is the very least we can do for consumers dealing with the economic downturn and businesses struggling to make it through a prolonged recession.

I encourage colleagues to support the amendment. I hope we will not include, in any budget resolution or reconciliation instructions coming back from the House or wherever that might occur, any language that would in any way implement the cap-and-trade proposal. This amendment ensures that doesn't happen in a way that would increase gasoline and electricity rates for customers.

I ask that when we get to the vote, my colleagues will support the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. CONRAD. I thank the Senator from South Dakota for his amendment and indicate clearly that this budget resolution does not prejudge in any way the climate change debate. It does not assume that there will be cap and trade or that there will not be. It leaves to the committees of jurisdiction the responsibility to come up with the best possible plan and to do it in a deficit-neutral way. That is the trigger. That is the condition. Whatever plan they devise must be deficit neutral and will have to go through the legislative process.

I yield 7 minutes from Senator GREGG's time to Senator JOHANNS.

The PRESIDING OFFICER. The Senator from Nebraska.

AMENDMENT NO. 735

Mr. JOHANNS. Mr. President, I call up amendment No. 735 which is at the desk.

The PRESIDING OFFICER. Is there objection to laying aside the pending amendment?

Mr. CONRAD. We have no objection.

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

The clerk will report:

The bill clerk read as follows.

The Senator from Nebraska [Mr. JOHANNS] proposes an amendment numbered 735.

Mr. JOHANNS. I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To prohibit the use of reconciliation in the Senate for climate change legislation involving a cap and trade system)

Section 202 is amended by inserting at the end the following: "(c) The Chairman of the Senate Committee on the Budget shall not revise the allocations in this resolution if the legislation provided for in subsections (a) or (b) is reported from any committee pursuant to section 310 of the Congressional Budget Act of 1974."

Mr. JOHANNS. I rise to offer an amendment to the budget resolution. The amendment is simple. It inserts language that would bar the use of budget reconciliation for climate legislation. Budget reconciliation essentially fast tracks legislation. It limits debate. It circumvents normal Senate procedure and requires only a simple majority for passage.

For weeks, the House leadership, the Senate leadership, and the administration have been pushing the Senate to use reconciliation to pass cap-and-trade legislation. They certainly have not taken it off the table. This is a mistake. Members on both sides of the aisle and on both sides of the Capitol agree with me.

The Senate resolution before us does not include reconciliation instructions. That is noteworthy. It is commendable. However, it is the conference report that concerns me. It should raise a red flag for all Senators.

Let me step back for a minute and review where we are. We now know that the House budget has included reconciliation instructions to the Committee on Energy and Commerce and two other committees. Why would the House include instructions at all? The House has a Rules Committee that sets rules for debate and amendments. Reconciliation instructions in the House budget are therefore meaningless except for one purpose: to open the door to cap-and-trade policy in the final budget resolution that emerges from the conference process.

Now that we have reached the heart of the matter, let me say again: The House language is there to dictate how the Senate conducts its business. The House language is a placeholder, a Trojan horse to limit debate, amendment, transparency, and a thoughtful consideration in the Senate on cap and trade.

We know that the leadership in the Senate is already planning how it will spend the cap-and-trade revenues. How do I know this? The Senate majority leader said last week that the collection of revenues from cap and trade would be useful for other governmental spending down to the very last penny.

Budget reconciliation is actually about lowering spending and controlling the debt. So let's take a closer look at the House language. After all, that language might set the rules for debate in the Senate, unless my amendment is adopted.

The House instructions call for a savings of $3 billion. The key, though, is this: The committees could raise hundreds of billions of dollars in new taxes and fees, including cap and trade, so long as new spending is $3 billion below the total revenues collected. Cap-and-trade legislation is expected to generate almost a trillion dollars in revenues—a lot of spending. I make this point to illustrate the significance of taxing and spending that could be passed under the guise of reconciliation.

Finally, I see that the House language even provides a placeholder in the text for Senate reconciliation instructions. Section 202 provides the following:

Senate reconciliation instructions to be supplied by the Senate.

I suggest we adopt my amendment and send a clear, bipartisan message opposing the use of reconciliation for cap and trade. Cap and trade is simply too large, too significant, and too important and costly to pass under the cloak of another bill.

The senior Senator from West Virginia, a man I admire immensely, said it eloquently:

Putting climate change legislation on a freight train through Congress is an outrage that must be resisted.

Quoting again:

It is an abdication of the constitutional role of the Senate.

I cannot say it better.

Before closing, I would like to discuss the economic impacts of this cap-and-trade freight train for a moment. The President's climate proposal could cost an American family an additional $3,000 per year or about $250 a month. Most families will see much of this extra expense show up in their electric bill, especially if the family is from a State where significant amounts of electricity are generated by coal.

That is right, everyone with a light switch will see the pain of this policy.

The rest of the additional costs could show up in all sorts of bills families struggle to pay. If a family uses natural gas to heat their home, cook or fuel their small business, the bill will go up. Higher natural gas prices drive fertilizer costs up. When these increases are coupled with higher gasoline and diesel fuel prices, the costs to our farmers in terms of production go up. That means the costs of dairy, beef, pork, and chicken producers are bound to increase. Some of those higher costs will be seen at the grocery store. Because steel and cement manufacturing would be affected, even the cost of heavy construction goes up, and that impacts our infrastructure.

Americans are on the hook for all of this, while China gains a competitive advantage.

I could go on and on, but I think I have said enough. Aren't these economic impacts significant enough to warrant an open discussion, a transparent debate? Not some parliamentary maneuver hatched in a late-night conference committee?

Well, I think they are. Our constituents deserve to understand the true impact of the decisions we debate on this floor.

To sum up, cap-and-trade legislation is complex and costly. Americans deserve, and the issue demands, a thoughtful, deliberate approach. I urge my colleagues to support this amendment.

I yield the floor and yield the remainder of my time.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank Senator JOHANNS for offering his amendment early on like this. I think this is the way we ought to function on a budget resolution. Let's get these amendments up and debate them and have a chance for people to get votes early in the process.

Mr. President, on our list, Senator BOND was to be next.

Mr. BOND. I am ready.

Mr. CONRAD. I ask the Senator, how much time does he need?

Mr. BOND. About 6 minutes, I would think.

Mr. GREGG. Mr. President, I yield the Senator 6 minutes.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I appreciate the managers giving me time.

We are all concerned about our struggling families and workers during this time of economic pain. We know too many families are struggling to make ends meet, unable to pay their mortgages, bills or debts. They are struggling, out of a job or failing to find work that can support a family.

We should not impose an energy tax on our families and workers, as President Obama proposes through his budget cap-and-trade plan that will cause pain for our families and workers for years and decades to come.

While the President and his supporters say this is a cap-and-trade scheme to cut carbon, it will result in higher costs for makers and users of energy. Those higher energy prices will be passed straight to the consumer, who will feel like they are paying a new energy tax, and that is what it will be. Under the Obama energy tax, Americans would pay more for every time we turn on a light, put gas in our cars or heat our homes.

They also did not include the President's energy tax in their budget, the Democrats will claim. But the leadership keeps reminding us they are prepared to impose an energy tax through the budget reconciliation process. Therefore, it is important we confront what this will mean for our families and workers who would have to pay more for everything from power bills to grocery bills if their budget energy tax plan succeeds.

Higher energy prices will mean many must make a decision between heat or eat. I have in the Chamber this photo of a young girl in a newspaper ad for a low-income housing assistance program. Her family cannot afford the heating bills, thus, the caption: ''I have two coats. One for outside and one for inside.''

For too many families such as this girl's, higher heating bills from President Obama's energy tax will force them to decide between paying heating bills or food bills—heat or eat.

Seniors will face a tough choice too. They already pay too much for prescription drug medicines. Tragically, we know many seniors die during heat waves because they lack air-conditioning.

Higher electricity bills will force seniors on fixed incomes to choose between buying their lifesaving prescription drugs or paying for their lifesaving air-conditioning.

This is a direct impact on senior citizens throughout the Nation.

Many workers will not have a choice when they are told they are losing their family-supporting job. President Obama's energy tax will hit blue-collar workers particularly hard. Many of them depend upon energy-intensive manufacturing to support their middle class way of life. This will be a particularly heavy burden on the Midwest and the South.

Higher energy costs will kill jobs in energy-intensive manufacturing—steel, aluminum, cement, chemicals, plastics, fertilizers, and the pharmaceutical industry.

Green jobs are held out as a solution for some. But far too many will see their future go from blue collars to burgers under the Obama energy tax.

All of us will face more pain at the pump. Higher energy costs imposed on our oil refiners will translate straight to higher gasoline and diesel prices. Families who depend on affordable gas will suffer, truckers who depend on affordable diesel will suffer, farmers who depend on affordable fuel will suffer, and workers who depend on affordable commutes will suffer from an energy tax.

How bad will things be? The President was only willing to admit to the $646 billion he put in his budget. But administration officials in meetings with staff are admitting costs ''two to three'' times that amount or $1.3 trillion to $1.9 trillion to be paid by average citizens.

We have to remember this is only an 8-year total. The President wants his program to run through at least 2050, so the total new energy taxes imposed on families and workers will be much higher and continue.

Sponsors of the cap-and-trade bill we debated and defeated in the Senate last year said it would impose $6.7 trillion in higher energy costs over its lifetime. Mr. President, $6.7 trillion was an outrageous amount of money to impose on families and workers, and the Senate rightfully defeated the proposal. However, we can expect President Obama's energy tax will be even more expensive than $6.7 trillion because of his planned stricter requirements and use of price maximizing auctions.

The $6.7 trillion Lieberman-Warner bill the Senate defeated proposed to cut energy emissions by 70 percent. The President proposes an 80-percent cut.

The $6.7 trillion Lieberman-Warner bill, defeated here, required participation with a mix of no-cost approaches and auctions. On the other hand, the President is proposing a 100 percent use of auctions to set program prices.

What is an action about, after all, but a method to maximize prices? Thus, President Obama's budget energy tax will maximize higher energy prices from climate legislation. That means President Obama will force families and workers to pay even more than $6.7 trillion in higher energy bills.

President Obama's budget energy tax will drive gasoline prices even higher than the $1.40 per gallon EPA predicted for the bill we defeated, the Warner-Lieberman proposal at the $6.7 trillion number.

President Obama's budget energy tax will force electricity bills even higher than the 44-percent increase EPA predicted for the Lieberman-Warner proposal.

President Obama's budget energy tax will cost the average household even more than the $4,377 per year predicted for the Lieberman-Warner bill.

President Obama's budget will cut even more than the 3 million jobs the American Council for Capital Formation predicted for the defeated Lieberman-Warner proposal.

While I think no time is a good time to debate imposing at least $6.7 trillion in new energy taxes, we certainly should not do so now.

That is why I am filing three amendments. My first amendment will require that any climate legislation passed by the Senate does not cause significant job losses, especially in the Midwest, Great Plains, and the South. My second amendment will ensure that any climate legislation does not increase residential electricity, natural gas or fuel oil bills for homeowners. The last amendment would protect farmers from higher fertilizer and fuel prices.

Senator THUNE has filed an amendment to prevent climate legislation from raising electricity or gasoline prices. I strongly support this amendment.

I hope we can protect our families, farmers, and workers by refusing higher energy taxes, and I ask my colleagues for their support.

I thank the Chair and I thank my colleagues.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank Senator BOND for the time he has given to the budget discussion tonight.

I ask Senator SESSIONS, how much time would he like?

Mr. SESSIONS. Mr. President, I would ask to be notified at 7 minutes.

Mr. CONRAD. All right.

Mr. President, I yield from Senator GREGG's time 7 minutes to the Senator, who is a member of the Budget Committee, and a very active and valued member of the committee, Senator SESSIONS.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I thank the chairman of the Budget Committee. I say to the Senator, it is a pleasure to work with you. You do a great job in an exceedingly difficult situation.

But the net result so far is a budget that is thunderously irresponsible, and we cannot and should not pass it. We must not pass this budget. I think it would send a signal that we are not serious about our financial future, that the world may think, as the President of the European Union said in Europe recently, from the Czech Republic, that the United States fiscal policy is on the road to hell. That was his direct quote in the newspaper.

So this is a serious matter.

A President's budget states what the President believes in, and what he wants to see accomplished over a period of time. A 10-year budget—which he submitted—is good. Sometimes we do 5 years. It could be 5 years. Senator CONRAD and the Democratic members of the Budget Committee, unhappy with the numbers of the 10-year budget, submitted a 5-year budget, and just did not talk about the second 5 years. But there is a grim second 5 years also.

So this budget is a plan, a direction, a list of priorities of the President. What we can see with absolute certainty is that financial responsibility is not a priority for the President. It is not. In fact, the title of his budget is ''A New Era of Responsibility''—and the numbers I am going to be talking about are either numbers that come right out of his budget called ''A New Era of Responsibility,'' from the Office of Management and Budget, and it has explicit numbers about what it intends to spend, how much debt will be created and how much taxes will be imposed and how it all will play out over a 10-year period.

So the Senate Budget Committee's budget suggests it is better or at least it does not spend as much money. But I do not think that is sustainable. I think the real analysis came from the Director of the Office of Management and Budget, Mr. Peter Orszag, the President's budget manager, who said it is 98 percent of what President Obama asked for.

Because there are some gimmicks in the Senate budget. And there are flaws in it that make it look better, such as not fully accounting for the cost of fixing the alternative minimum tax or the doctor fix or TARP II or some of the other things we know we are going to be spending money on.

Let me just sum up the situation with regard to the CBO analysis, the Congressional Budget Office analysis. Our Congressional Budget Office analyzes the President's budget and attempts to explain what it is. They calculate numbers just like the President did. But very truly their analysis is more realistic and more likely to be true than the President's because he took some gimmicks too—not as many, I have to admit, as some have taken, but he has quite a number of gimmicks in it. Without the gimmicks, our Congressional Budget Office gives us a reliable analysis. They work both Houses of Congress, their leadership is selected by the Democrats, and it is certainly not a Republican institution. They are proud of their nonpartisanship and their accuracy and their figures.

So this is what would happen to the debt held by the public if this budget passes and becomes reality. In 2008, debt held by the public was $5.8 trillion. That represents the entire debt of the United States of America since its founding. Under the proposed budget of President Obama, by 2013 that debt will double to $11.8 trillion. In 5 years, it will do that. In 2019, 5 more years later, it triples to $17.3 trillion. I do not believe those numbers are challengeable in any significant way.

If you take the President's budget, you make sure that the figures, calculated with legitimate expectations of the future as CBO has done—this is what they come up with. The President's proposal assumes more favorable numbers—instead of $17.3 trillion, $15-plus trillion, which is almost virtually three times the $5.8 trillion we have today. He admits that is what his budget does, with his own numbers. So that is a big question.

Here is an example of where we are with the debt. My colleagues savaged President Bush for excessive spending, and the debt held by the public did go up during his time in office, to over $5 trillion, but this is not an exaggeration, colleagues. This is what the numbers show. It is going to go up to $17 trillion.

So my first point to my colleagues and to those who might be listening is these numbers are not political numbers ginned up out of thin air; these are numbers that have been calculated from the President's own budget, entitled ''A New Era of Responsibility,'' according to the Congressional Budget Office, and that is when they score the situation to be 10 years from now.

So you say: Well, we are in an economic disaster area. We have very bad problems in the economy.

Well, maybe we do, but the President, in his expectation of income to the Government, other than this year being a year of negative growth, assumes we will have positive growth in the future.

Mr. President, I ask unanimous consent for 3 additional minutes.

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

Mr. SESSIONS. So according to his budget, in year 3, we will have 4 percent growth for 3 consecutive years and never have a recession and have good growth all 10 years, except for this year, where we will have 1.2 percent negative growth. Well, I think that is probably too optimistic. If it is too optimistic, then this figure is going to be worse. It could be far worse.

So what does that mean? Does the debt make a difference?

This is today's Wall Street Journal, an article by Mr. Mark Whitehouse in which he states that countries with mounting debt burdens will:

> Ultimately face a growing temptation to allow inflation to accelerate more than they typically would—a move that would slash the value of their debts as the prices of everything else rose.

He points out that poor demand at a U.S. Government bond auction and the failure of a separate auction in the UK added to unease about the market's willingness to support the country's heavy borrowing. So we have now not only our country going in debt, we have the UK going into debt, causing the European Union folks to get very nervous.

So who is going to buy this debt? When we go into debt, it doesn't just happen; somebody has to loan us the money. Right now, we sell Treasury bills. China has bought a whole lot of them, as well as Saudi Arabia and other countries. We are talking about selling twice as many in 5 years, three times as many in 10, and at the same time other countries are going into debt. Who is going to buy this, and what does it mean to the economy?

Mr. Whitehouse quotes Mr. Kenneth Rogoff, an economics professor at Harvard and a former chief economist of the International Monetary Fund. This is what he said in today's paper. Mr. Rogoff says annual inflation could go as high as 8 to 10 percent within 3 to 5 years in the United States and sooner in the UK. He projects eight to ten percent inflation in 3 to 5 years, based on what we are doing today. He notes that the average inflation rate in 1 month in this country has gone up 25 percent, the projected rate of inflation.

Debt matters. There are no free lunches. Nothing comes from nothing. Debts have to be repaid—not only repaid; we have to pay interest on it, and the interest on this debt will go, according to the Congressional Budget Office, from $170 billion this year—that is what we pay out of our whole $3 trillion budget—$170 billion is the interest on the public debt—this $5 trillion. CBO is projecting that 10 years from now, we will pay in interest $800 billion—$806 billion, to be exact. We spend $100 billion on education, so we will have interest payments in just 10 years 8 times as large as the amount of money we spend on education. Our highway spending, $40 billion a year today—it will go up some, but we will be spending 20 times as much in interest. So future generations in America will be paying an incredible burden of interest, denying them money to spend on education and highways and other good things because we irresponsibly spent it now.

It is not right. It is wrong. It should not occur. We really need to have a national discussion about this and try to fix this problem.

I thank the Chair and yield the floor.

Mr. GREGG. Mr. President, I wish to congratulate the Senator from Alabama, who has always succinctly and effectively described what we are confronting here, which is a wall of debt, a massive wall of debt, which will overwhelm our children. So I thank him for his statement.

At this point, I think the chairman had some comments on proceeding.

Mr. CONRAD. Mr. President, I ask unanimous consent that on Tuesday, March 31, when the Senate resumes consideration of the budget resolution, the statutory time remaining be 40 hours, each side controlling 20 hours.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I further ask unanimous consent that we come in at 10 a.m. and go to the budget resolution, with Senator PATTY MURRAY being recognized for 15 minutes; at the conclusion of her remarks, that Senator GREGG or his designee be recognized for the purpose of offering an amendment with 1 hour equally divided; that at the conclusion of that debate, Senator BOXER be recognized to offer an amendment in relationship to the Thune amendment and that there be 1 hour equally divided; also, at the end of that period, that I be recognized, or my designee, for a possible side-by-side to the Johanns amendment. We may not need that, but we may, and so I ask unanimous consent that that time be reserved as well.

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

Mr. CONRAD. With that, we are ready to stand in recess for the day. I think we are ready to go to closing.

MORNING BUSINESS

Mr. CONRAD. Mr. President, I ask unanimous consent that the Senate proceed to 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.

NORTH DAKOTA FLOODING

Mr. CONRAD. Mr. President, I rise on a matter of personal privilege to talk about what is going on in my State. I was just there this past Friday morning and through the weekend. As the country knows, we are facing record floods across the entire State of North Dakota. These are crests we have never seen before on river after river in North Dakota. The great Missouri was bogged down with ice dams and nearly flooded the capital city last week, but that was prevented by a demolition team that came in and set charges and blew a channel in the ice.

I was in Fargo, ND, on Friday and Saturday and Sunday—which everyone has been watching—and it is truly inspirational to see what is happening there. It is a town of 90,000, and the mayor told us yesterday that of those 90,000 people, they have 80,000 volunteers because everybody knows that everything is on the line. You go into the FARGODOME, which is a giant sports facility where NDSU plays its games, and they have thousands of volunteers, with rock music blaring. They made 3 million sandbags in 7 days. Think about that—3 million sandbags in 7 days, working 24 hours a day, around the clock. They are fully staffed around the clock, and they are doing everything that is humanly possible to save that city.

This was the headline yesterday in the Fargo Forum: ‘‘Holding Steady.’’ It shows a picture of National Guardsmen and the Coast Guard rescuing people, and you can see these massive ice chunks and the flood.

Today, we got the news that we can now anticipate another major winter storm beginning tonight, with 6, 7, or 8 inches of snow. Of greater concern, however, are the higher winds because we have miles and miles of dike—at least 38 miles of main dike. These dikes, of course, for the most part are clay dikes, and in many places those are topped over with sandbags to raise the level. Because the weather service raised the forecast level right at the end on us, we had to build the dikes up even further.

While the good news is that the river is dropping slightly—from just under 41 feet to now just over 39 feet—we know there is a wall of water headed for that river.

There is a most incredible snow wall—three times normal—out in the watershed, and all that water is headed for this river. So while we are cautiously optimistic, we all know the dikes can breach. That happened the night before last in the early hours, and we lost an entire high school campus in the middle of the night. The good thing is the contingency dikes that have been built right behind the main dikes held—and I can tell you it is an impressive site.

Remember, this river is 22 feet above flood stage. So these massive dikes that have been built all along the river, and then these contingency dikes behind them, are in preparation for a breach.

I attended early morning meetings with the city leadership. They have this organized. They have rapid strike teams, rapid response teams, they have 24-hour patrols trying to make certain the dikes don't breach, that they are not seeping. If they get a report, the report goes in, and they have four different types of rapid response teams ready to go to fill the breach. If there were ever a case of an extraordinary outpouring, this is it.

This is a picture of what I was talking about in the FARGODOME. Look at this. This is thousands and thousands of people with sand, filling bags. This is what you see throughout that facility. This is just a small part of it. It is an absolute beehive of human activity working to defend that town and to save their homes.

So far we have been remarkably successful. There has been tragedy—2 deaths, 50 injuries as of yesterday. But this has so far averted a much bigger crisis.

This is a picture of a home out in the county. You can see they have diking around that home, and you can see there is not much freeboard there. We are hoping it holds.

This is another picture that shows response of our National Guard. This is one of the rapid response teams that moved to fill a place where the levee needed to be built up. There was some seepage. So this is one of the rapid response teams that has moved in to try to prevent that dike from breaching. These guys have been absolutely heroic.

One of the things that has been interesting, there is a great rivalry between the University of North Dakota and North Dakota State. North Dakota State is in Fargo; UND is in Grand Forks. In 1997, the great flood hit Grand Forks. So this year all the sports teams from UND are down at NDSU with their rivals working together to defend these dikes.

This is a picture from yesterday. That is a 1-ton sandbag being lifted by a helicopter. They are going to put it in place to try to divert the flow of the river. The river has tremendous force behind it. Of course that force is hitting the dikes. In order to divert at a vulnerable position, yesterday they dropped about a dozen of these 1-ton sandbags to change the direction of the river.