

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business until 3 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The Senator from California.

CONRAD-GREGG AMENDMENT

Mrs. FEINSTEIN. Mr. President, I wish to say a few words in favor of the Conrad-Gregg amendment which will shortly be before us and in opposition to the Baucus amendment.

I have worked for some time to try to produce legislation that would create a commission which could be like a BRAC commission and deal with what I consider to be the most formidable problem facing this government.

Every Wednesday during the summer and spring, I have a constituent breakfast. One of the things I do at that breakfast is show what debt and deficit really means. One of the best ways—you learn this when you do a budget, and I learned it when I was mayor of San Francisco and for 9 years put together a budget—is to look at what is actually spent, total numbers. That gives you the real clue. It is called outlays, Federal outlays.

What have Federal outlays been? In 2009, 50 percent of everything the Federal Government paid out went to entitlements. What are entitlements? Medicare, Social Security, veterans' benefits—things that cannot be controlled—if you are entitled to them, you get them. Look at interest on the debt, which is 5 percent. If you look at discretionary defense, it is 18 percent. And if you look at everything else the Federal Government does that everybody talks about—education, agriculture, justice, the 22 agencies in Homeland Security—it is just 16 percent of what is spent. If you add together the 50 percent and the 5 percent of interest, we see 55 percent of everything the Federal Government spends this year cannot be controlled. We have to spend it. All the rest that is discretionary is rather small in comparison. If we project that out 10 years—and I must say that new numbers are coming out tomorrow, so this is the latest number I have—entitlements go up to 56 percent and interest on the debt to 14 percent; that is, 70 percent of everything that will be spent in the year 2019 if things are projected forward cannot be controlled. Discretionary defense is 16 percent, and nondiscretionary—again, everything else—is 14 percent. If you wanted to balance out, you could eliminate everything in discretionary spending and you could not solve the problem.

That is what is happening. Entitlements are expanding to an inordinate amount of what the Federal Government pays out every year. It does not matter whether something is in the budget or not in the budget; if you

have to pay for it and spend it, it contributes to the deficit and that translates into debt. It is a very major problem.

That is why I rise today in support of the amendment offered by Senators CONRAD and GREGG to establish a bipartisan commission to tackle this issue and look at these programs—namely, Social Security and Medicare—and make some recommendations as to how they can be changed, amended, melded to essentially be able to maintain themselves over time. We know both these programs are the third rail of American politics. Past Congresses and past Presidents have failed to take the steps necessary to ensure their long-term viability. Social Security will start running out of money in 2037, and Medicare will start to run out of money before the end of this decade. In 7 years, in 2017, Medicare will begin to run out of money.

This is an opportunity to take a concept which has worked before—namely, the Greenspan Commission, which in 1983 added years to Social Security solvency—and have a 1-year commission, which is the Conrad-Gregg commission, to deal with this debt. It would be an opportunity to get our Nation's finances back on track. If we could have done it, we would have done it. If we could have done it, why didn't we? Why year after year do we refuse to face the issues? The Greenspan recommendations, including a change to the trust fund revenue structure, actually won bipartisan support. Those recommendations were adopted, and they were credited with saving Social Security at the time.

More recently, the base realignment and closure process, known as BRAC, and the Homeland Security commission following 9/11 made recommendations. Many of those recommendations were accepted. The BRAC Commission had a process which all of us sort of derided and did not like, but it got the job done. They presented recommendations to the Congress; the Congress could vote them down. That decided the question. That is what the Conrad-Gregg amendment would do.

We all see the gravity of what is happening. As we vote to increase the debt limit for the ninth time in 8 years, we are not able to do anything about the biggest consumers of debt—entitlements—because they are such valuable programs to people and no one wants them touched.

This commission would be bipartisan. It would be composed of 18 members—10 Democrats, 8 Republicans; specifically, 16 Members of Congress split evenly between each party and 2 administration officials. Their charge would be to come to grips with this situation and make a series of recommendations on an expedited procedure that would come to the Congress, and we would either vote it up or vote it down. Everything would be on the table. The scope of the commission is broad enough to include all possibili-

ties for improving our budgetary outlook. The commission would issue this report before the end of the year. Mr. President, 14 of the 18 Members must approve the report before it could be presented to us, and Congress would be required to vote on the report, as I said, with expedited consideration before the end of this year. So for the first time, in a matter of months, we would have before us some recommendations. How do we tweak Social Security to enable it to go past its doomsday? How do we handle Medicare to see that it is viable throughout the next three, four, five decades? It does not circumvent congressional procedures, nor does it exclude elected officials from shaping the final report.

The Social Security trust fund runs out of money in 2037. If we do not do anything, it is going to happen sooner. Today, 50 million people depend on Social Security. By 2050, 82 million people—another 32 million people—will receive Social Security.

Most people do not realize that one-half of American workers today have no retirement or pension benefit from their company. I did not know this. One-half of all retiring workers have no retirement or pension benefit from their company. Social Security is what they will have. With the problems in the workplace today, with the increase in bankruptcies, we can be sure that Social Security is only going to become more important as the decades go on.

In 2007, Social Security alone kept 35 percent of older Americans out of poverty. That is how important it is. Thirty-five percent of our seniors would be living in poverty if it were not for Social Security. And for almost two-thirds of people, Social Security makes up more than half their income. So Social Security is really the breadbasket, it is the opportunity for many seniors and pensioners and retirees to continue to live and stay out of poverty.

Medicare is in even worse shape. By 2017, the hospital insurance trust fund will be depleted. In last year's Trustees report, insolvency was projected in 2019. Medicare is unsustainable over time.

That is something that none of us wants to admit, none of us wants to face. The record is clear: None of us has faced it. None of us has done anything about it, and yet the time is ratcheted sooner and sooner.

So once the hospital trust fund is exhausted, it will be necessary to reduce the amount of benefits payable. What does that mean? That means after 2017, only 81 percent of benefits will actually be paid. Think of that. Is it all right to let that happen? Is it all right to do nothing? Is it all right to say: OK, we know that come 2017 only 81 percent of the benefit an individual should get will be paid, and it is because we are not willing to do anything about it? That is what we are saying if we vote no on the Conrad-Gregg resolution.

Medicare Part B and Part D prescription drug coverage will increasingly

outpace beneficiary income over time. So funds won't be there to pay for prescription drug benefits. That is the simple result. Without finding an adequate way to fund these obligations, those funds will have to be borrowed or will be nonexistent, and this further adds to the debt we see coming down the pike. All of it adds together to the financial insolvency of both Social Security and Medicare.

That is why a commission is needed—because we haven't done what we should have done. We haven't made the tweaks, the changes, the adjustments. We haven't looked at means testing. These programs were founded on the belief that no matter how wealthy you are, you should get these benefits. My own view is that should change. They should be looked at more as insurance programs. If you don't need them, if you are a millionaire, why should you have these benefits? If you need them, if you are part of the half of America that has no pension or retirement benefit, if you earn under, let's say, \$250,000 a year as a retiree, maybe you should still get them. But if you earn more than \$250,000, with this picture facing us, maybe you should pay your own way.

These are some of the decisions that have got to be made, and we can't keep putting them off because they are unpleasant, because the more we put them off, the bigger the troubles get. That has been the case in the 17 years I have been here. I have watched this, and it keeps going up and up and up. So the problem is apparent, but it has been ignored. It has been shoveled under the rug. It has never been addressed, and that is why we need a commission.

I cosponsored a bill two Congresses ago with Senator Domenici and I cosponsored a bill this Congress with Senator CORNYN to create a Social Security-Medicare commission. Mine was not composed of Members of Congress, but there was opposition. People felt, well, if this body is going to have the ability to make a recommendation that may result in having to put more money into the system, either by increasing the payroll tax or any other way, then it ought to be the Members of the Congress or the Senate who make that recommendation. Senator CONRAD and Senator GREGG took that as a kind of mandate and said: All right, we will do that, and here is what we propose.

I am very glad the Senator from Florida is on the floor. We have worked as part of this group together, come to several meetings. I guess it would be fair to say there are about 16 or 17 of us who have worked together with Senator CONRAD on the Democratic side on this, and we do so because we recognize doing nothing doesn't save Medicare and doing nothing doesn't save Social Security. But doing something may, so that is why we need a commission. This will never get done if we follow regular order in the Congress. For 17

years, I have watched that regular order year in and year out, and nothing has happened. I remember Fritz Hollings standing right there on the floor talking about keeping money from going out of the trust funds. As you know, now it is an accounting judgment. Everything goes into one fund, but there is just an accounting judgment. He advocated separating it out so it couldn't be used to balance the budget. Right now the trust funds are used to balance the budget. They are not set aside for a special fund to see that Social Security remains secure. It is the good faith and credit of the government that does that. Well, I say that isn't enough. We have to face the consequences, bite the bullet. We have to find a way to see that our national credit card is fiscally responsible.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mrs. FEINSTEIN. I know my time is up, but I want to indicate my very sincere support and my thanks to both Senator CONRAD and Senator GREGG for their work, for their leadership, and for their strong advocacy. They have friends. We will support them. And I very much hope this body will as well.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, I am speaking today in favor of the Conrad-Gregg amendment, of which I am a cosponsor also.

While the Senator from California is here, I want to go back 27 years ago to one of the times in which government came together and worked best on a crisis. It was 1983. I had come to Congress a few years before, and we were suddenly at the point at which Social Security was going to run out of money within 6 months. Obviously, something had to be done. The good news was there were two wily old Irishmen who were leading the government. One was in the White House—his name was Reagan—and the other one was the Speaker of the House—and his name was O'Neill. Those two were great examples. They could fight like cats and dogs during the day, but when they walked out the door, they were personal friends. They had a personal relationship. When it came time to cutting a deal to get the performance of the government, they could do it.

Realizing that Social Security was about to be in financial cardiac arrest, they said: We are going to do this. They appointed a blue ribbon panel, much like what we are talking about here in this Conrad-Gregg amendment. The difference between then and now is that we had leaders of both parties who were committed to making it work. I am not sure what we are going to see out here on the landscape today, unless the American people rise up and say: A pox on both your Houses. You guys better get together.

That is what we are trying to do with this bipartisan amendment. The good news is that because of the delibera-

tions of that panel and because those two Irishmen, President Reagan and Speaker O'Neill, said: We are going to take this off the table at the next election as a club, a bludgeon, to hit our opponents over the head with, that blue ribbon panel came forth, was presented to the Congress, passed overwhelmingly in the Congress, and it made Social Security solvent from 1983 well into this century.

That is the kind of example we need here, of our coming together in a bipartisan way, with commonsense solutions. That is what I rise to talk about today. I thank the Senator from California for being not only erudite but eloquent in her presentation.

Mrs. FEINSTEIN. I thank the Senator.

Mr. NELSON of Florida. Mr. President, there is a reason for this, and it is our Nation's budget is on a path toward crisis. We have to do something extraordinary, just as we did back in 1983. Over the last decade, we have spent billions to wage two wars, but we still proceeded with a tax cut for the wealthy and a prescription drug benefit that gave too much to the pharmaceutical industry as well as the health insurance industry, and what happened was the debt doubled.

The Obama administration had to stem the bleeding, putting a tourniquet on the pending nationwide economic collapse, so it pumped money into the economy. That was primarily for infrastructure spending, teachers' salaries, targeted tax relief for small business, and targeted tax relief for the middle class.

That same economic collapse did what one expects recessions, near depressions to do: It lowered the tax receipts, and thus put us in an even tighter spot. So now we have to face the realities of this fiscal situation. Due to the economic downturn, tax revenue, as a share of the economy, is at its lowest point in 50 years. It is less than 15 percent of GDP, whereas spending is now above. It is at 26 percent of GDP. You know when you take in less revenues but you spend more, that difference, which we call the annual deficit, means you are headed for trouble. The analysts are telling us that by 2019, the debt could be 114 percent of the GDP.

We saw in the charts of the Senator from California how the interest rate in 2019 would balloon up to three-fourths of \$1 trillion. The rising trend continues at an alarming rate even after 2019. Former Fed Chairman Alan Greenspan said:

The challenge to contain this threat is more urgent than at any time in our history. Our Nation has never before had to confront so formidable a fiscal crisis as is now visible just over the horizon.

This is not to mention this also affects our national security. Guess who is the biggest holder of our foreign debt. It is China. What happens if they suddenly want us to pay off all of those bonds they hold? Do you think China is

an adversary? Well, if you don't, do you think they are an economic adversary? Do you think they would like to be a military adversary? Do you realize what they are doing in space in order to become a world power?

I came to Congress a long time ago, and I have been talking about balanced budgets, but now this problem is so massive it can't be solved, as the Senator from California said, by regular order. We are going to have to take a good look at the whole picture. We need some commonsense folks who will work together, who will respect each other—did you hear what I said, respect each other—and who will recommend the tough decisions that must be made in order to get this Nation's fiscal policy back on track.

I realize on the one side you have folks saying: Does that cut Social Security? Does that cut Medicare? Then on the other side you have folks who say: Does that mean you worry about raising taxes? Those are legitimate concerns. Every one of us, every family member in America has to deal with these kinds of questions in their own family's budget. When we spend more than we bring in, we have to make choices. We have to make adjustments. It is the responsible thing to do.

It will not be easy. It will not be easy politically, especially with people holding that club of the next election over their heads saying: I am going to beat you into the ground and beat you politically to death if you make these tough choices. But in the end I trust, because of the understanding of the American people of their government and their understanding of their own family budgets, they will trust a bipartisan group of lawmakers accountable to the American people who will have examined the budget, hashed out their differences, and agreed to a plan that will make us solvent again.

Without drastic measures we risk saddling our children with debt that can never be repaid and credit that cannot be restored. We have the opportunity right now to try to fix it. I urge our colleagues to support this amendment, and I yield the floor.

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

STATE OF THE UNION

Mr. ALEXANDER. Mr. President, I look forward to the President's State of the Union Address on Wednesday, as I know most Americans do. There is a lot of talk about how the President might reconnect with the American people. The President himself said a couple of days ago, after Massachusetts elected a Republican Senator, that perhaps he had not been talking to the American people directly about core values. If I may do this in a respectful way, I would like to make a suggestion about what the President might say on Wednesday evening.

To reconnect with the American people, I suggest in his State of the Union

Address the President talk first about creating jobs; second, about reining in the national debt; and make terrorism his third subject. Then it would not hurt my feelings one bit if he stopped his speech right there and focused his unswerving attention on jobs, debt and terrorism until he has them all headed in a better direction. After all, in my view, the President struggled in his first year not only because his agenda veered too far to the left but because he took too many big bites out of too many apples and tried to swallow them all at once.

Years ago, I learned that a Governor who throws himself into a single issue with everything he has for as long as it takes can usually wear out everybody else. I think that is true for Presidents, too. In 1952, President Dwight D. Eisenhower said, "I shall go to Korea." Then he focused on that one problem, ended the conflict, and Americans thanked him for it.

I hope President Obama would focus with Eisenhower-like intensity on jobs. In the 1980s, I found the best way to do that was not to try to turn my State, Tennessee, upside-down all at once. We were then the third poorest State in the Union. My goal was raising family incomes. I didn't try to turn it upside-down all at once, but I went step by step—sometimes learning as I went—amending banking laws, defending right-to-work, keeping debt and taxes low, recruiting Japanese industry and then the auto industry, building four-lane highways so the auto suppliers could get to the auto plants, and finally a 10-step "Better Schools" plan which included centers and chairs of excellence for higher education.

In my view, a step-by-step job strategy for the country should include tax cuts, less regulation, certainty so people can make their plans, free trade, a balanced labor climate, good educational opportunities, and clean but cheap energy. Unfortunately, the President has too often proposed higher taxes, more regulation, uncertainty, protectionism, expensive labor policy, higher college tuitions (as Medicare costs are passed on to States), a national energy tax, and new costs for the businesses that we count on to create jobs.

As for debt, Democrats in Congress are trying this week to raise the national debt limit by \$1.9 trillion, an amount that is more than the total Federal budget in 1999. To be sure, President Obama inherited some of this, but he has run up a \$1.5 trillion debt in just one year and it took President Bush 8 years to accumulate a \$2 trillion debt. The solution for a boat sinking because it has a hole in it is not to put more holes in it.

Finally, the President deserves credit for his decisions on Iraq and Afghanistan but bringing terrorists from Guantanamo to Illinois, trying the 9/11 mastermind in New York City, and failing to interrogate the Christmas Eve "underwear bomber" in Detroit shows dan-

gerous confusion about how to deal with terrorists.

When I became Governor, Ned McWherter, then the Democratic house speaker, said, "I want to help because if the Governor succeeds the State succeeds." In the same way, I want President Obama to succeed. The best way for him to do that, I respectfully suggest, is to declare an end to the era of the 2,700-page bills and to work with both political parties, step by step, on jobs, debt, and terrorism to help Washington re-earn the trust of the American people.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

CONRAD-GREGG AMENDMENT

Mr. CONRAD. Mr. President, tomorrow we are going to vote on the question of whether we establish a bipartisan debt commission, a commission empowered to come up with a plan, a plan if 14 of the 18 Members would agree, would come to the Senate for a vote.

This story ran recently in Newsweek. This was actually the cover of Newsweek:

How Great Powers Fall; Steep Debt, Slow Growth, and High Spending Kill Empires—And America Could Be Next.

Inside, the story reported:

This is how empires decline. It begins with a debt explosion. It ends with an inexorable reduction in the resources available for the Army, Navy and Air Force. . . . If the United States doesn't come up soon with a credible plan to restore the federal budget to balance over the next five to 10 years, the danger is very real that a debt crisis could lead to a major weakening of American power.

It is not hard to see how that could happen. Since 2000, the debt has exploded. In the previous administration the debt doubled. It has increased again with the economic downturn, and we are now on a course to have a gross debt that will be 114 percent of the gross domestic product of the United States.

That is the short term. We can handle a debt of 114 percent of the gross domestic product. We have done it before. We did it after World War II. Japan has a debt right now of 189 percent of their gross domestic product.

The real challenge confronting America is that, according to the Congressional Budget Office, we are on course to have a debt that will reach 400 percent of our gross domestic product over the next 50 years. Nobody believes that is a sustainable situation—not the head of the Congressional Budget Office, not the head of the Office of Management and Budget, not the former head of the General Accounting Office, not the head of the Federal Reserve, not the Secretary of Treasury—all of them have said a debt of that magnitude poses a systemic threat to the economic security of the United States.