loose banking regulations to adopt and enforce stricter rules. These need to be accompanied by strong sanctions against doing business with financial institutions based in these nations. The Bush administration initially opposed such measures. But after the events of Sept. 11, it appears ready to embrace them.

The Treasury Department also needs new domestic legal weapons to crack down on money laundering by terrorists. The new laws should mandate the identification of all account owners, prohibit transactions with ''shell banks'' that have no physical premises and require closer monitoring of accounts coming from countries with lax banking laws. Prosecutors, meanwhile, should be able to freeze more easily the assets of suspected terrorists. The Senate Banking Committee plans to hold hearings this week on a bill providing for such measures. It should be approved and signed into law by President Bush.

New regulations requiring money service businesses like the hawala banks to register and imposing criminal penalties on those that do not are scheduled to come into force late next year. The effective date should be moved up to this fall, and rules should be strictly enforced the moment they take effect. If America is going to wage a new kind of war against terrorism, it must act on all fronts, including the financial one.

FINAL REPORT ON 9/11 COMMISSION RECOMMENDATIONS

[December 5, 2005]

Homeland Security and Emergency Response	
Radio spectrum for first responders	F/C*
Incident Command System	C
Risk-based homeland security funds	F/A*
Critical infrastructure assessment	D
Private sector preparedness	C
National Strategy for Transportation Security	C–
Airline passenger pre-screening	F
Airline passenger explosive screening	C
Checked bag and cargo screening	D
Terrorist travel strategy	I
Comprehensive screening system	C
Biometric entry-exit screening system	B
International collaboration on borders and document security	D
Standardize secure identifications	B–
Intelligence and Congressional Reform	
Director of National Intelligence	B
National Counterterrorism Center	B
FBI national security workforce	C
New missions for CIA Director	I
Incentives for information sharing	D
Government-wide information sharing	D
Northern Command planning for homeland defense	B–
Full debate on PATRIOT Act	B
Privacy and Civil Liberties Oversight Board	D
Guidelines for government sharing of personal information	D
Intelligence oversight reform	D
Homeland Security Committees	B
Unclassified top-line intelligence budget	F
Security clearance reform	B
Foreign Policy and Nonproliferation	
Maximum effort to prevent terrorists from acquiring WMD	D
Afghanistan	B
Pakistan	C+
Saudi Arabia	D
Terrorist sanctuaries	B
Coalition strategy against Islamist terrorism	C
Coalition detention standards	F
Economic policies	B+
Terrorist financing	A–
Clear U.S. message abroad	C
International broadcasting	B

FINAL REPORT ON 9/11 COMMISSION RECOMMENDATIONS—Continued

[December 5, 2005]

Scholarship, exchange, and library programs	D
Secular education in Muslim countries	D

*If pending legislation passes.

Mr. BOND. I would say also, it is fully compliant with the regulations, with the Constitution, and with statutes. If anybody wants to know, I will be happy to talk with them. There was no genuine public right to know that was satisfied by blowing this program. It was legal, and it was effective. No longer will it be effective, and no longer can we be as safe as we were before these disclosures started.

I yield the floor.

The PRESIDING OFFICER (Mr. GRAHAM). The Senator from New Hampshire.

RESPONSIBLE BUDGETING

Mr. GREGG. Mr. President, I rise to speak about a package of initiatives which were reported out of the Budget Committee, the purpose of which is to put some order into our financial house and to try to make the Government of the United States an affordable event for its citizens, especially for younger people who will be working to support the next generation as it retires.

This package has been grossly misrepresented by the other side of the aisle, especially by the leader on the other side of the aisle and by the assistant leader and by other Members who have come to the floor. They have taken out the bloody shirt of Social Security and waved it at this package in a totally irresponsible manner. Therefore, I think it is appropriate to come to the floor and point out what the facts are versus what they believe the politics should be.

The facts are rather startling, regrettably, as we head into the retirement of the baby boom generation, which is the largest generation in our history. The cost of supporting that generation, which will have to be paid by our children and our children's children, is astronomical.

There is now pending on the books of the Government $65 trillion—that is with a ''T''—of unfunded liability. What does that mean? That means we have programmatic obligations on the books of the Government—obligations to retired people, primarily—which will cost $65 trillion more than what we know will come into the Government under the present projections. In other words, we do not have the money to pay for it. We do not know where the money is going to come from. But we do know we have these obligations on the books.

To try to put a trillion dollars in perspective, or this number into perspective, since the beginning of the Nation, since the beginning of our country, we have only collected $40 trillion in taxes—only. We have collected $40 trillion in taxes: a lot of money. The total net worth of America and Americans—if you take all our cars, all our houses, all our stock, all our businesses—is $51 trillion. So we have on the books an obligation which exceeds our net worth as a nation.

We have to figure out how we are going to afford to pay for that, especially how our children are going to afford to pay for it because they are the ones who are going to bear the burden.

To try to put this in even more precise perspective, three programs—three retirement program, specifically; Social Security, Medicare, and Medicaid—will cost the American taxpayer more, as we head into the year 2025, than what the total Government cost the American taxpayer today as a percent of gross national product. Traditionally, the Government of the United States has spent about 20 percent of the gross national product of America. These three programs alone, as a result of the retirement of the baby boom generation—which is the largest generation in the history of our country, by a factor of two—will cost the American taxpayer everything that we presently pay into the Government by the year 2025.

So that means, at that point, to pay for those three programs, you would be unable—if you were going to maintain the historical spending of the Government—you would be unable to pay for national defense, for education, for environmental cleanup, for all the other things the Government does.

And that is only the start. Because as that baby boom generation gets into fuller retirement, the cost of those programs continues to go up. What does that mean in practical terms? It means our children and our children's children, in order to support the retired generation, would have to pay a dramatic increase in taxes under the present scheme.

Basically, it would mean our children would be unable to afford a better lifestyle. They probably could not send their kids to college, buy a house or purchase a car the way our generation has been able to do because they would be sending so much of their money to the Federal Government to support these basic programs which are mandatory. It is not a tolerable proposal for our country. We cannot say, as one generation, that we are going to put on the books obligations that make the next generation pay so much in taxes that they essentially would not be able to live the quality of life we have. We would undermine their quality of life, and it is not fair to them.

What we did in the Budget Committee was try to address this, not by policy changes but by putting in place processes which will force us to face up to fiscal discipline, which will force us as public policymakers, the Senate and the House and the executive branch, to look at these numbers, these facts which exist. And they will not change unless we do something because the generation that is going to cost all this money is already alive. It is my generation, the baby boom generation. We are this huge generation. We are going to cost our children these types of dollars. It is not going to change unless we do something.

It will force us, as public policymakers, to face up to this reality, these proposals which came out of the Budget Committee. The major point is, we have a huge problem coming at us as a Government, as citizens, and as parents. You can't tax your way out of it. You cannot possibly raise taxes enough to pick up the cost of these programs and still give earning Americans an opportunity to live well.

So what is the reaction from the other side of the aisle? They want to immediately attack any proposal, even though this one has no policy attached to it—it simply has processes which force a policy to occur, no specific policy to occur—attack any proposal as an attack on Social Security. How grossly irresponsible is that? How incredibly inappropriate is that? Does the other side of the aisle believe that our children should be faced with a burden which they cannot possibly afford? That seems to be the case. They have walked off the playing field of responsible public policy, waving the bloody shirt of Social Security for the purposes of political gain. It is inexcusable on their part.

What is the proposal we brought forward, this outrageous proposal which, according to the other side, is so outrageous? It is pretty simple. It is very responsible. It is an attempt to get at the essence of the problem we have today. It has eight parts. The first part puts back in place an idea which the other side of the aisle offered 2 years ago. Yet now they claim it is horrific, the statutory caps, which says on discretionary spending, that when we put caps in place, they will be enforceable. Today we put caps in place, but they get waived around here like buying peanuts. This goes back to the old Gramm-Rudman approach, where you have enforceable statutory caps. That means we set a number. We agree, as a Congress, this is how much money we are going to spend. Then we say: You actually can't spend more than that, unless you have a cut somewhere else.

That is totally irresponsible, according to the other side. We did it a few years ago. It worked. In fact, Chairman Greenspan said it was the most significant budgetary reform that has occurred around here in a long time. We are suggesting we put it back in place. It affects discretionary spending, which is every year spending, not mandatory spending.

The second idea—I will skip down so we can go in order—is to put in place a BRAC Commission. We had a BRAC Commission for defense spending, and it worked. We did it five times. This is a BRAC Commission for the whole Government, same idea, same philosophy. It says, take a look at the programs and then have the Commission send the ideas to the Senate and then the Senate has to vote for them or against them. It is a reasonable approach to trying to do something which we have not been able to do on a one-by-one basis. It is a broader approach.

It also has the President's proposal for a line-item veto or expedited rescission. It is a better proposal than what the President actually sent us because it is more balanced relative to the legislative branch and the executive branch. In fact, it is an idea that passed the Congress. In 1996, we voted for a much stronger line-item veto than this. It gives the President the ability, when we send him these omnibus bills that have billions of dollars of spending in them, rather than veto the whole bill and shut down the Government, for example, he can now put together a package of specific programs in those bills that he doesn't think make sense, send them up here, and Congress has to vote on them in an expedited process, for or against them. Obviously, he will have to send up a package which has majority support or else it will not get passed.

And we put in language which says that to the extent there is a rescission as a result of this, the savings have to go to the deficit. That is a very strong idea, in my opinion.

We also have biennial budgeting, an idea which people think will be a more effective way for us to address budgeting. We are now effectively in a biennial process anyway since every year there is an election, we can't pass a budget around here; at least we haven't in the last three election cycles, both under Democrats and Republicans.

And then there is reconciliation reform. The essence of the package is the mandatory reform effort, the effort to try to address this chart where Social Security and Medicare and Medicaid are essentially going to bankrupt our children, unless we do something intelligent about it. This is where the other side of the aisle has been so grossly irresponsible—first, in characterizing it, because they have been factually inaccurate, and then abandoning the field of debating the issue and coming up with other processes, if they believe they are better ideas. The first approach is something that passed this Congress already. It basically says that if Medicare for 2 years in a row is found to take more than 45 percent of its support out of the general fund—Medicare is supposed to be a hospital insurance program, not supposed to be supported by the general fund—if for 2 years in a row it is supported by general taxation by more than 45 percent of its costs, then a point of order is put in place, which can be waived by 60 votes, so it can be waived against any new entitlement spending. It is a reasonable approach. It is actually not that strong an approach, but it is something that basically highlights the problem.

Then we get to the more substantive policy driving events. An Entitlement Commission is put in place. This is where the other side has grossly misrepresented the facts and then taken out the bloody shirt and attacked the facts which they grossly misrepresent. And that's a great idea. First, you make up what the position is, and then you attack that position. And then you take absolutely no responsible position on your own part, which is exactly what the other side has done. Obstruction has become the only thing which the other side of the aisle appears to be able to do, obstruction for the purpose of obstruction for the purpose of obtaining power around here.

When are they going to face up to the fact that we are supposed to be doing policy which addresses the needs of our children especially and the affordability of the Government specifically?

What is the Entitlement Commission? It is a group of people who are put together. They are chosen by the leadership of both sides of the aisle. There will be eight Republicans and seven Democrats, if it were to be put in place today. Eight and seven, that is not an overwhelming majority for our side of the aisle. And it takes 10 members of the commission to put together a report to be sent under expedited procedures.

The leader on the other side of the aisle says: This is an outrage. It is a Republican steamroller. Tell me what is the steamroller. Eight to seven representation, takes ten people to put out a report? And then the other side of the aisle goes so far as to say: And they can't consider taxes.

That is a total misrepresentation also. They can consider taxes under the Entitlement Commission. And then they say: 51 votes are going to pass it. That is a total misrepresentation again. The proposal takes 60 votes to pass.

In response to the issues raised by the Senator from North Dakota in the markup of this bill and because I accepted the fact that maybe it wasn't structured correctly the first time around, we responded to that concern. The other side of the aisle, the leadership of the other side of the aisle not only doesn't give us credit for responding to the concerns of the Senator from North Dakota because we changed it so that it became a balanced commission—we changed it so that it takes a supermajority to report from it and then it takes a supermajority to pass it—they not only don't acknowledge the changes, they would say that we didn't make the changes and then attack the proposal and put forward absolutely no policy of their own.

Mr. DURBIN. Will the Senator yield for a question?

Mr. GREGG. No, I won't yield. I think I have heard a significant amount from the other side of the aisle that has been irrelevant, inaccurate, and incorrect. And yielding at this time would limit my time.

The third item in this is the ability of the Congress to reduce the deficit as a percentage of gross national product. We know that if we don't get the deficit down, our children are going to get all these debts. So what we put in a place as a mechanism that says essentially the deficit, as a percentage of gross national product, shall be reduced as a percentage of gross national product every year until we get to a balanced budget, essentially a balanced budget by the year 2012, and if we don't hit those deficit targets—and they are fairly reasonable because actually the next 2-year targets we have already hit or we will hit under present projections, so this doesn't even kick in, and it doesn't look like it is going to kick in because it looks like we will get to a balanced budget—should we not continue on that path, then what will happen is there will be a reconciliation instruction because we know that 60 percent of all spending around here goes to mandatory accounts. We will say to the mandatory account committees: Reconcile your accounts so that they can be brought into line with these projections for the deficit to head to zero.

What does that mean? That means that there will be policy changes which will allow savings to occur. I presume those policy changes, to the extent they affect entitlement programs such as Social Security, Medicare, and Medicaid, will tie into the Entitlement Commission report. Should those two mechanisms which force policy to be addressed not be accomplished, then you go to a sequester on entitlement mandatory spending, something that has never happened around here. And I don't expect it would ever happen because one presumes responsible people would want to make the policy changes to get to the targets rather than allow it to happen automatically.

So where is the irresponsibility here? Well, the irresponsibility is on the other side of the aisle, which has buried its head in the sand of obstructionism because it wants to take power around here. It feels that if it doesn't do anything, if nothing is done around here, then outrage will occur and people will vote them into power. How cynical is that approach to governance?

I have said I am willing to adjust this. In fact, on the Commission, the Senator from North Dakota suggested that we change the makeup and make it all Members of Congress versus outside individuals. I am amenable to that. If he wants to bring that amendment forward, fine. The Senator from North Dakota at the markup said: It doesn't consider tax increases. Actually, the Commission can consider tax increases. But I said: Let's take it to the floor and discuss the issue of pay-go or tax-go, as I would call it, which is the only proposal from the other side of the aisle, to raise taxes. But no, the response is: This is going to savage Social Security. This is going to undermine Social Security. This is going to privatize Social Security—all the words the pollsters have told them to use to try to get reelected.

I will tell you what is going to savage Social Security. It is going to be my generation retiring and demanding the benefits that they have been paying for all of our working life and having our children have to pay for those benefits. Our children are going to get up in arms and say: We would like to buy a house. We would like to send our kids to college. We would like to have the good life you had, and we can't afford it because you put this huge tax burden on us. Because you, during your term of office, were unwilling to be responsible and address these issues.

We have tried to be responsible. We have tried to bring forward a package which should be debated and which should be effectively moved forward in order to try to reverse the direction which we are inevitably going toward, which means if we stay on this course, we will eliminate the capacity of our children to look forward to the Government. So we brought forward this package which we call stop overspending. It may not have all the elements it needs. It clearly needs some tweaking here and there. I don't limit that. But it should not be attacked in the way that it has been attacked through the demagoguery of Social Security's bloody shirt being waved at it.

That is not responsible. That is not governance. That is simply obstructionism for the sake of political gain.

At this point, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

STATE OF THE ECONOMY

Mr. BENNETT. Mr. President, yesterday, in the Joint Economic Committee, we heard from the chairman of the President's Council of Economic Advisers. As often happens in that committee, there were a number of issues raised. I would like to take the floor simply to clarify where we really are with respect to the economy. There are so many things being said in this election period about the economy that it is always nice to reflect on what the late Senator Moynihan used to say:

> Everyone is entitled to his own opinion, but not to his own facts.

Let's spend a little time talking about the facts and understand where the economy is. With a series of charts, I will try to do it as quickly as I can, with an understanding of where the economy currently is.

This first chart demonstrates economic growth as measured by GDP, gross domestic product. The bars on the chart represent quarters. The quarters with positive GDP growth are represented by blue bars. Quarters with declines in GDP are represented by red bars. If you will notice here in the beginning of 2000, the economy started to shrink—that which we refer to as the recent recession which began in 2000. These are the quarters in which that happened. We got a recovery starting in the fourth quarter of 2001, but as these bars above the zero line demonstrate, the recovery was pretty anemic. Not much happened for a little over a year, as the recovery did not get traction. The recovery took off in the second quarter of 2003. That happens to be the time that we passed tax relief. Economists will argue as to whether the tax relief that was passed at that time is responsible for the recovery, but as they say in Manhattan, ''it couldn't hurt,'' because the tax relief was passed there, and we see the strong economic growth that has occurred ever since the second quarter of 2003.

Let's go to the next chart. There was talk that, well, we may be in recovery, but we are not getting any jobs; this is a jobless recovery. Where are the jobs? This chart demonstrates that, indeed, that is correct. Starting in 2000, the jobs started to disappear, and we had a long period that went on where the job base was shrinking in this country. In 2003, that turned around, and we started to see strong job creation since the second quarter of 2003. Once again, that is the quarter where we passed tax relief. Did the tax relief cause the job recovery? Nobody can prove that it did or it didn't. Once again, it didn't hurt.

Now we go to the question of business investment. The recession, once again, started in 2000. Business investment went into negative territory all through 2001, 2002, and then, in the third quarter of 2003, after we passed tax relief, business investment picked up. All of these things started going up after this one event of the passage of tax relief. Did the tax relief cause the business investment to go up? No one knows, but once again, it couldn't hurt.

All right. With those facts before us, and they are indisputable, we now hear the argument: Yes, maybe the GDP growth is occurring; yes, maybe the jobs have come back; yes, maybe business investment has come back. But the big problem is that real wages are down; because productivity has gone up, real wages have gone down.

Here is a historic demonstration of the tie between productivity and real wages. This goes back to 1950. The blue line on the chart is productivity growth; the red line is growth in real compensation including benefits. The two grow together. The outstanding increase in productivity we have had since 2003 has not produced a lowering of real compensation to workers. The best thing that can happen for real wages, historically, is for productivity to go up. So those who are bemoaning the increase in productivity, saying, yes, but real wages are down, are ignoring 50 years of history and the current facts.

We are told that the wages people take home are down; the wages people have in their pocketbooks are down in this recovery. Here on this chart, from the Bureau of Labor Statistics, is the evidence of what is happening to real hourly wage growth. We can see that, in previous recessions, every time