

decades, thus creating a strong temptation for future illegal aliens to purchase fraudulent documents on a burgeoning black market. Moreover, the bill's confidentiality provisions are drawn straight from the 1986 amnesty law and will provide the same haven for fraud and criminality as that law did.

Immigration is one of the top concerns of the American people—and of this administration—but it needs to be addressed in a comprehensive and balanced way that avoids creating incentives for problems in the future.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. VOINOVICH. Mr. President, I ask unanimous consent that I be allowed to speak for 30 minutes as in morning business.

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

FISCAL HEALTH OF THE NATION

Mr. VOINOVICH. Mr. President, I rise today to comment on the sad state of the appropriations process, as well as our long-term fiscal health. The new fiscal year began 23 days ago, and we are debating appropriations bills that haven't even passed the Senate yet, as Government agencies operate on temporary, stopgap funding. When we Republicans were in the majority, we consistently failed to enact all of the appropriations bills before the end of the fiscal year. We enacted short-term continuing resolutions, or CRs, to keep agencies funded while we wrapped several of those bills into an end-of-the-year omnibus bill.

After the Democrats won control of the Senate, I sincerely hoped they would fulfill their promises to manage the budget better. But while the party in power has changed, the results have stayed the same. In fact, the results, so far, have been even worse. Fiscal year 2008 has already started, and we have enacted exactly zero appropriation bills.

Government-by-CR has consequences. Agencies cannot plan for the future. They cannot make hiring decisions. They cannot sign contracts. As a result, we get more waste and inefficiency from Government. We get lower quality services provided to the people. At the end of the day, we get higher spending and less accountability and oversight of the taxpayers' money.

On September 23, the New York Times reported that our failures could have a devastating effect on cancer research because scientists are waiting around to hear if they will receive grants for their innovative research ideas. The same article quoted a transportation industry representative as saying our failure could have major implications for anyone who rides in cars, trucks, trains, buses, and subways. If you want more examples of how Congress's failure to do its job on time affects ordinary Americans, I invite you to visit my Web site, where I provide several additional examples.

That is why a bipartisan group of Senators agree that we need to adopt biennial budgeting by the Federal Government, such as I had as Governor of Ohio, so Congress can get its work done on time while also conducting the oversight necessary to ensure that programs and agencies are functioning effectively.

Senator DOMENICI has been a leader on biennial budgeting for years. We should adopt it during this Congress and name it the Pete Domenici Biennial Budgeting Act as part of Pete's legacy to this country.

Putting aside our short-term failures and focusing on our long-term problems, in January I introduced the Securing America's Future Economy, or SAFE Commission Act, legislation that would create a bipartisan commission to look at our Nation's tax and entitlement systems and recommend reforms to put us back on a fiscally sustainable course and ensure the solvency of entitlement programs for future generations.

I commend two of my colleagues, the Budget Committee chairman from North Dakota and the ranking member from New Hampshire, for recently introducing a bipartisan bill that would create a tax and entitlement reform task force very similar to my SAFE commission. In fact, I saw them on CNBC recently talking about it. The only major difference is that Senators CONRAD and GREGG require every congressional appointee to be a sitting Member of Congress, whereas the SAFE commission would include outside experts. I have signed on as a co-sponsor of the Conrad-Gregg proposal, and I am pleased to learn they intend to hold a hearing on the bill in the very near future. I look forward to working with them to get the bill passed.

I also commend Democratic Congressman Jim Cooper of Tennessee and Republican Congressman FRANK Wolf of Virginia who introduced a bipartisan SAFE commission bill in the House of Representatives. I have been working with Congressman WOLF for more than a year on this proposal, and I welcome Congressman COOPER's decision to join us.

This bipartisan, bicameral group has support from corporate executives, religious leaders, and think tanks across the political spectrum, from the Heritage Foundation to the Brookings Institution, and former Members from both parties, such as former Senators Warren Rudman and Bob Kerrey, and former Congressmen Bill Frenzel and Leon Panetta.

Our entitlement programs are creaking under the strain of an aging society and runaway health care costs. Our Tax Code is imploding from the hundreds of economic and social policies that Congress pursues through tax incentives and from the dozens of temporary tax provisions that wreak havoc on families and businesses trying to plan their affairs.

Neither our major entitlement programs nor our Tax Code are sustain-

able in the current form. The appropriations bills that we are debating this week are shrinking as a share of the budget as entitlements crowd out domestic discretionary spending. We must come together and develop a bipartisan consensus to fix these systems so our children and grandchildren can enjoy prosperity and increasing standards of living.

I want to share with my colleagues some extraordinary numbers that reveal our Nation's looming fiscal crisis. I speak out of concern not only for our generation but also for our children and our grandchildren. They are going to bear the burden of reckless fiscal policies.

Sir Edmund Burke, the father of conservative thought, said:

Society is . . . a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born.

Unless we change course, we will break that partnership with those who are yet to be born. This grave situation can be addressed only through hard bipartisan work, and we must begin our work now, for every day we wait, the solutions become more painful.

In the simplest of terms, the Federal Government continues to spend more than it brings in. Running up the credit card for today's needs and leaving the bill for future generations should not be the policy of this country, this Congress, or this administration. It represents a recklessness that threatens our economic security, our global competitiveness, and our future quality of life. The Federal Government has become the biggest violator of credit card abuse in the world.

Comptroller David Walker has said:

The greatest threat to our future is our fiscal irresponsibility.

He added:

America suffers from a serious case of myopia, or nearsightedness, both in the public sector and the private sector. We need to start focusing more on the future. We need to start recognizing the reality that we're on an imprudent and unsustainable fiscal path, and we need to get started now.

Everyone in this great body should heed Comptroller Walker's warning.

Our commitments to the war on terror, to securing our borders, to educating our workforce, and to investing in our Nation's infrastructure demand tremendous resources and require long-term financial commitments. At the same time, we cannot ignore the demographic tide that will soon overwhelm our resources. We need a system for raising the revenues necessary to fund these priorities that does as little damage to the economy as possible. In short, the need for tax reform and entitlement reform has never been greater. A historical perspective helps to highlight the gravity of our current situation.

The fiscal year 2007 budget deficit was \$163 billion, but that figure hides the true degree to which our fiscal situation has deteriorated, mainly because it uses every dime of the Social

Security surplus, as well as surpluses in other trust funds, to hide the true size of the Government's operating deficit. The Social Security surplus, however, must be reserved for future retirees. As far as I know, you cannot spend the same money twice, but Congress keeps pretending that it can.

If you wall off the Social Security surplus so Congress cannot spend it on other programs, as I believe we should do, then the Government's operating deficit more than doubles to \$344 billion, not \$163 billion. And if you add back the money the Government is borrowing from other trust funds, such as Federal employee pensions, the deficit explodes to \$441 billion, almost triple the reported deficit.

In other words, we are hiding from the public how much we are borrowing because we don't tell them about the money we are borrowing from trust funds. As a result, they see these numbers, such as the \$163 billion, and they think things are getting better, but we are hiding the fact that we are spending every dime of these trust funds to keep the Government going.

The annual difference between revenues and outlays is not what is truly threatening our future. It is the cumulative, ongoing increase in our national debt that matters.

Remember, in 1992 when Ross Perot ran for President and he showed us those frightening fiscal charts? Well, I have my own charts, and I call these charts my Halloween charts. I call them that because, No. 1, the Government's new fiscal year starts in October and, No. 2, because the fiscal picture is terrifying.

Fifteen years ago, when Ross Perot was sounding the alarm, the national debt was about \$4 trillion. He showed a chart projecting that by 2007, the debt would increase to \$8 trillion. Well, guess what. As of 2007, the national debt stands at almost \$9 trillion. Ross Perot's doomsday predictions turned out to be too rosy. In the more than 200 years that have passed between the Declaration of Independence and Ross Perot's 1992 campaign, the U.S. Government accumulated \$4 trillion in debt. We have now added even more than that in the last 15 years.

This Congress has acknowledged that it will pass right by \$9 trillion. A few weeks ago, Congress very quietly voted to allow the national debt to increase by another \$800 billion, from about \$9 trillion to \$9.8 trillion.

What does that mean, \$9 trillion? How do we even fathom that number? For one thing, it represents two-thirds of our entire national economy, the worst number in 50 years. For another thing, it means that each man, woman, and child in the United States owes \$30,000 of the Federal Government's debt. I want my colleagues to think about these young people, the pages here today. All of you, every one of you, owe \$30,000 on the debt we have accumulated.

That \$30,000 only represents the debt racked up by the Government in the

past. Because we continue borrowing more than we bring in, that number is increasing every single day. And those numbers pale in comparison with the budget problems looming in our future as the baby boom generation begins to retire just 69 days from now, on January 1, 2008. In fact, just last week, the first baby boomer applied for Social Security retirement benefits. Reality is setting in that this is not just a far-off prediction. It is a growing storm that threatens to overwhelm our economy if we do not act now.

Perhaps even more concerning is that 55 percent of the privately owned debt is held by foreign creditors, mostly foreign central banks. That's up from 35 percent just 6 years ago. Foreign creditors provided more than 80 percent of the funds the United States has borrowed since 2001, according to the Wall Street Journal.

And who are these foreign creditors? According to the Treasury Department, the three largest holders of U.S. debt are China, Japan, and the OPEC nations. Borrowing hundreds of billions of dollars from China and OPEC puts not only our future economy, but also our national security, at risk. It is critical that we ensure that countries that control our debt do not control our future.

If after hearing all this, one still thinks this is a problem that exists only in the distant future, consider recent projections by the major credit rating agency, Standard & Poor's. For decades, U.S. Treasuries have been considered the risk-free investment against which the risks of all other investments are judged. A good place to invest, our Treasuries. In fact, the global financial system is largely based on the notion of U.S. Treasuries as the only risk-free investment out there.

But in just 5 years, that will cease to be true. According to Standard & Poor's, U.S. Treasuries will lose their triple-A credit rating in 2012 because of the Government's deteriorating long-term fiscal position. Don't think that the world markets aren't looking at what we are doing in the United States. What kind of global economic turmoil awaits us 5 years from now when the U.S. Government is considered as risky as a typical corporation? What happens if the foreign banks decide they are going to move their money out of the United States and send it somewhere else? And what economic catastrophe awaits our children and grandchildren in 2025 when Standard & Poor's projects that U.S. Treasuries will be classified as junk bonds?

Why do we refuse to see the warning signs? A decade ago, who ever would have imagined that the Canadian dollar would be worth just as much as a U.S. dollar? A few years ago, the Euro was worth 83 cents. Now it is worth \$1.42. Meanwhile, our trade deficit has gone through the roof as we Americans are forced to borrow the money we need to buy foreign products.

What is driving this train wreck? Certainly additional revenues have to

be part of the solution. But this is not a problem that will be solved simply by reaching deeper into the American people's pockets. Many colleagues are familiar with Pete Peterson, former Commerce Secretary. He made it clear that "The minute you start looking at a tax increase as the primary solution, you're confronted with tax increases that are clearly beyond anything anyone can imagine."

Even the Democratic chairman of the Budget Committee has acknowledged that most of the heavy lifting will have to be done on the spending side. Revenues will be on the table for sure, but the coming storm will require significant changes to entitlement programs.

Here are some numbers that help put this situation in perspective. Forty years ago in 1967, Social Security, Medicare, and Medicaid made up only 3 percent of the GDP. In 2007, their cost has tripled as a share of the economy to 9 percent. The Congressional Budget Office projects that over the next 40 years, this number could double again to 18 percent, a frightening thought when we consider that in 2006 total federal revenues accounted for only 18 percent of GDP. It reminds me of when I was Governor of Ohio. I called Medicaid the Pac-Man in Ohio.

Well, today I would refer to entitlements as the Pac-Man in terms of our national finances. If entitlement spending continues on this path, we will be required to use every cent of our Federal revenue to fulfill these entitlement obligations. Our grandchildren will have no money for national defense, energy security, education, the environment, or our infrastructure. And, they'll look back at our generation and ask how we could be so reckless with their futures.

Our Nation faces one of the most competitive environments in its history, and the question is, in this new world of global competitiveness, will future generations be able to enjoy the same standard of living we are experiencing? Will my kids, will my grandchildren be able to enjoy the same standard of living I have enjoyed? Will they have the opportunity for the same quality of life? With the largest national debt in 50 years, will we be able to remain competitive with foreign economies?

Congress must view our Tax Code, entitlement system, and the budget process as three components or pillars of the Nation's fiscal foundation, and not as separate problems. Each is linked to the other two pillars, and we must reform all three to raise the necessary revenue to fund the Government in an economically efficient manner, to keep our obligations to future generations, and to keep the size of Government to a manageable level.

We must enact fundamental tax reform to help make the Tax Code simple, fair, transparent, and economically efficient. According to the President's Advisory Panel on Federal Tax Reform, headed by former Senators Connie

Mack and John Breaux, only 13 percent—think of this, only 13 percent—of taxpayers file without the help of either a tax preparer or computer software. Since enacting the Tax Reform Act of 1986, over 15,000 provisions have been added to the Internal Revenue Code.

It is not just a matter of saving taxpayers' time and effort. This is about saving real money. The Tax Foundation estimates that comprehensive tax reform could save Americans as much as \$265 billion a year in compliance costs associated with preparing their returns. Now, that would be a real tax reduction that wouldn't cost the Treasury one dime.

Mr. President, I have been working on tax reform for years. In 2003, I attached an amendment to the Jobs and Growth Tax Relief Reconciliation Act that would have created a blue ribbon commission to study fundamental tax reform. The amendment was adopted by voice vote but later removed in conference. Then, in the autumn of 2004, I offered my tax reform commission amendment again, this time to the American Jobs Creation Act. The Senate again adopted my amendment. During conference negotiations, the White House contacted me and requested I withdraw my amendment because the President was preparing to take a leadership role by appointing his own tax reform panel. I enthusiastically agreed to defer to his leadership, and I withdrew my amendment. It seemed to me that the tax reform bandwagon was finally starting to roll.

In January 2005, President Bush announced the creation of the all-star panel headed up by former Senators Connie Mack and John Breaux, and that panel spent most of the year engaging the American public to develop proposals to make our Tax Code simpler, fairer, and more conducive to economic growth. In November of 2005, the panel issued its final report. While not perfect in everyone's mind, the panel's two plans provided a starting point for developing tax reform legislation that would represent a huge improvement over the current system. The panel's proposals belong as a key part of the national discussion on fundamental tax reform.

Tinkering with the current Tax Code won't get it done. Tinkering is what has got us in this mess in the first place. It's time to rip the Tax Code out by its roots and replace it with something that works.

The President's panel had a number of great ideas that we should incorporate into tax reform legislation. For example, we should simplify the code by repealing the complex, unfair, and antigrowth alternative minimum tax. We should consolidate all the various tax-preferred savings plans into just two or three plans that average workers and families can understand and utilize. We should scale back the tax subsidies that we use to pursue social engineering and dictate economic pol-

icy, forcing Americans who fail to qualify for tax breaks to pay higher rates to make up the lost revenue.

We must create a tax system that is conducive to job creation and economic growth. We should start by addressing one of the biggest problems with the current code, and that is it rewards moving production overseas. We are taxing our exports heavily and taxing our imports lightly. Such a system sounds absolutely perverse, but that's what we have in the United States.

In fact, a constituent of mine, Tom Secor, from Norwalk, OH, who owns his own small business, came to my office and told a story about a business trip he made to China. He said he saw an editorial in a Chinese newspaper that was discussing the concerns of Americans about Chinese competition. The conclusion of the editorial was that Americans could solve most of their problems with Chinese competition if they would just reform their own Tax Code. Imagine that, even Communist China knows the United States needs tax reform to stay competitive. But for some reason we refuse to learn that lesson ourselves.

We must also understand that unless we do tax reform, the lower marginal rates, the lower capital gains taxes, the lower taxes on dividends will evaporate and we will have gained nothing in regard to fundamental tax reform and entitlement reform. And I think such reform, folks, must take into account our failure to pay for the Iraq war. This administration will have to explain why they are leaving us holding the bag and why they did not keep their promise for tax reform. They promised us.

I know there is bipartisan support in this chamber to move forward on fundamental tax reform. Some of our colleagues have already taken steps towards developing legislation that would represent a huge improvement over our current system. As I already mentioned, we have Senator GREGG and we have Senator KENT CONRAD who want to get going, so we should endorse the approach they want to take and submit legislation that Congress could consider under fast-track procedures. The proposal basically is to appoint eight Democrats and eight Republicans, including two top administration officials, and it would require a three-fourths vote for submitting a proposal to Congress.

In other words, they do their work, and if three-fourths have said this is what we want to do for tax reform and entitlement reform, we have to vote on it up or down. That is really important because you can't ask some of our colleagues to spend that kind of time on tax reform and entitlement reform and not guarantee them that if they agree on something, they will get a vote on it.

Some say to me: George, it is too late to do something. Well, it is not. And I think of Bill Bradley. Bill Bradley, in 1982, came up with a tax reform pro-

gram. It took 4 years, but it was adopted in 1986. In other words, Ronald Reagan, working with Congress, reformed the Tax Code in 1986, and President Reagan is still fondly remembered as the leader who set the stage for years of prosperity at the end of the 20th century. He worked on a bipartisan basis. I think this President really has an opportunity to do something in regard to this. I think the President and the administration should say to Congress: Everything is on the table. No holds barred. I will sit down with you, and I will work on it. And you know what. Maybe we will not get it done, but at least we will start it. We will let the American people know that we understand that tax reform and entitlement reform is fundamental to the future of our country. What a nice legacy for our President, to at least say he got into the game and did something about it and didn't say you guys worry about it; it is your problem.

Mr. President, the time to act is now. When you look at the numbers, it is self-evident we must confront our swelling national debt; that we must make a concerted bipartisan effort to reform our tax system, slow the growth of entitlement spending, and halt this freight train that is threatening to crush our children and grandchildren's future.

Right now, in my lifetime, where I am at this stage, what I am worried about is the kids of America. I am worried about my grandchildren and other people's grandchildren. What is the legacy that we are going to leave those children and grandchildren? I don't know about my colleagues, but I am worried. I am really worried. I am worried about whether we are going to develop the infrastructure of competitiveness so those kids can compete in that global marketplace.

It is in our hands. Folks back home sent us here to take on the tough problems and make the tough decisions and do what is right for our country.

Mr. President, I suggest the absence of a quorum.

THE PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

THE PRESIDING OFFICER. The Senator from Washington.

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

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

THE DREAM ACT

Mrs. MURRAY. Mr. President, our Nation was built on the belief that no matter where we start from in life, we all have a shot at the American dream. I, for one, am very proud of this reputation, and I believe it is one we should continue to promote and maintain. Unfortunately, Mr. President, somewhere along the way, amid politics and rhetoric, the belief that we