

know what this, in the end, means. It means that in the middle of a recession, when most Americans are rushing to pay down their credit cards, this budget does the exact opposite; it runs up the national credit card to an extent that we have never seen in our Nation's history. That is the point about this budget that I want to talk on this morning—that it simply borrows far too much.

In all the uproar about bonuses, some people may have forgotten about the budget. But with a vote on this funding blueprint fast approaching, it is time to refocus and review where we are.

A few weeks ago, with the Nation still reeling from the size of a trillion dollar stimulus bill, the administration unveiled a budget that made the stimulus bill look like pocket change. In the midst of a recession, the administration proposed a budget that involved major changes to education, health care, and energy. To pay for it all, they proposed the largest tax hike in history and a new national energy tax that hits everybody who turns on a light bulb.

Yet, even with these tax hikes, we still wouldn't be able to pay for all these changes—not even close. A few days ago, we learned that the amount of money we would have to borrow to enact these policies in the midst of a severe economic downturn is even greater than we thought.

According to an analysis by the Congressional Budget Office, the administration's projections were extremely optimistic. The CBO said that based on its projections, the budget would increase the deficit by \$2.3 trillion more over 10 years than the administration initially claimed. Now, keep in mind that the total deficit from last year was \$459 billion, a record-high figure at the time that only a few months ago everybody agreed was entirely too high for comfort. What we heard from the CBO is that the discrepancy between the administration's budget estimates and the CBO estimates of a deficit over 10 years was more than 4 times the previous record annual budget deficit.

So the administration is asking us to borrow an astonishing amount of money—so much so, in fact, that if we were to pass this budget as it is, the Federal Government, in only 4 years, will have to spend \$1 out of every \$8 it receives in tax dollars to make interest payments on the debt. It would be as if every worker in America spent the first hour of the workday, every day of the week, working to pay off the finance charge on his or her credit card. Of course, as debt piles up, it only becomes harder to pay down. Under this budget, the debt piles up even more quickly than it has piled up in recent months as a result of all of the spending and all of the bailouts.

As the recession took hold, it took 13 months for the Nation's gross debt to rise from \$9 trillion to \$10 trillion. It took less than half that time under this administration for the debt to

reach the \$11 trillion mark. The Nation's debt is at its highest level ever, and it is growing larger and larger. Under the administration's budget, the amount of public debt will double in 5 years and triple in 10 years.

It used to be that our friends on the other side cared quite a bit about the consequences of debt. All this debt is real, and it will have very real and disturbing consequences for our children and our grandchildren. Americans are worried about it, and the CBO report makes them even more worried.

Yet even more worrisome is the fact that so many of our friends on the other side seem completely unfazed by the CBO report that projects oceans of debt as far as the eye can see. I noticed that the Speaker of the House was quoted yesterday, saying that the CBO report wasn't reason to rethink any of the administration's budget priorities. Regardless of the CBO report, she said, "our priorities are the same."

The CBO report should have been a wake-up call to Congress. Instead, it is being viewed by some as a mere inconvenience—a distraction from the political goals of those in power. Well, I suggest that if we have learned one thing over the past several months, it is that economic dangers need to be addressed early. In the midst of an economic crisis that could have been averted, Americans expect more from their elected leaders.

This budget borrows too much. Americans are saying so. Congress should listen to those warnings now before it is too late.

I yield the floor.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to a period of morning business for up to 1 hour, with Senators permitted to speak therein for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the second half.

The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, would the Chair inform me when I have 1 minute?

The ACTING PRESIDENT pro tempore. Yes.

THE BUDGET

Mr. ALEXANDER. Mr. President, I will comment on the Republican leader's remarks. I agree with him that this budget borrows too much. We say that publicly on the floor and we say

that privately in our discussions. Many of us are afraid that this 10-year budget is a blueprint for our country that our children and grandchildren simply cannot afford.

First, I will say a word about the President's press conference this evening. I hope that during his press conference, the President will reject the bill passed by the House of Representatives last week about the AIG bonuses as not the kind of thoughtful and mature response that the American people deserve from Congress in a time of crisis. It is certainly not worthy of approval from the President of the United States.

I hope the President will focus attention on something that is a mature and thoughtful response and is worthy of the attention of the President of the United States, and that is Secretary Geithner's proposal yesterday to use a partnership of public and private resources to begin to get the toxic assets out of banks, fix the banks, and get credit flowing again.

I voted last October and then again on January 15 to give, first, President Bush and, next, President Obama the money he needed to fix the banks. I could say, at this point, the proposal of the Secretary yesterday at first blush seems to me to be underfunded, undercapitalized by tax dollars and too late. But it is more important to say I believe it appears to be on exactly the right track, that it appears to be well thought out, and that at first blush it seems to be attracting support from the private sector, which it needs to do to be successful.

History shows us some lessons about when we have bank problems—and we have had plenty of them. When I was Governor of Tennessee in the 1980s, dozens of banks failed because of a problem with the Butcher brothers, who were basically kiting banks. But the Federal Deposit Insurance Corporation came in and over the weekend usually recapitalized the banks, got rid of the bad assets, put them back out there, and our economy grew again. That is harder to do today because the businesses are bigger and the crisis is much larger. But the fundamental solution to our economic troubles is the same.

We need to fix the banks and get credit flowing again, and the way to fix the banks is to get enough of the toxic assets out so they can have confidence to lend money, and business can start growing, and people can get jobs again. That is the history lesson.

There is another history lesson, and that is that we need the President of the United States to focus his full attention on fixing the banks and getting credit flowing again. I have used the example of President Eisenhower going to Korea. Someone said to me: Senator ALEXANDER, no one pays attention to history. Well, they ought to.

President Eisenhower said in October of 1952: I shall go to Korea to fix the Korean war. That was in October. He

was elected President, and within weeks he went to Korea. He said: I will concentrate my full attention on this problem until it is honorably ended.

President Eisenhower was a very capable man. He was capable of doing more than one thing at a time. But he knew the country needed him to do one thing and the country needed to have confidence he would do it.

President Obama is extraordinarily capable as well. When I, or others, have suggested he is doing more than one thing at a time, he often says: I can walk and chew gum at the same time. I don't doubt that. I think we may not have had a more impressive President in terms of intellectual ability, and he has impressive people around him.

What we need for the President to do—and tonight would be a good time to start—is to assure us, as President Eisenhower did when he said “I shall go to Korea,” and say: I shall fix the banks and get credit flowing again. We know that a President this impressive and this talented, if he decides to throw himself into this problem with everybody he's got for as long as it takes, he will wear everybody else out and he'll get the job done. From the day he makes that clear, confidence in this country will begin to recover at a fairly rapid rate. I say that with great respect to the President and to the proposal Secretary Geithner made yesterday, which I think is mature and thoughtful and the kind of proposal we ought to be focusing on in a bipartisan way.

As to the budget, the budget also makes a difference to whether the economy recovers. It is hard for the economy to recover if the Congress spends too much, if the Congress taxes too much, and especially if the Congress borrows too much. The Republican leader pointed that out in his remarks.

This 10-year budget is a blueprint for a country our children and grandchildren cannot afford. It doubles the public debt in 5 years, and nearly triples it in 10. It grows the public debt to 82 percent of the gross domestic product by 2019. The gross domestic product is the sum total of all our efforts in a year, all the money we produce, and we produce 25 percent of all the money in the world each year, more or less.

This 10-year budget creates more new debt than all the Presidents of the United States from George Washington to George W. Bush combined. Let me say that again. All the Presidents of the United States, from George Washington to George Bush, did not run up as much debt as this President proposes to do in the next 10 years.

By the year 2019, we will be spending more than \$800 billion just on interest payments on our debt every year. We only spend \$720 billion on Defense in that year. We will be spending more on interest than we do on defense, and we will have enough left over to fund all the Federal spending on education. That is too much borrowing.

What do we do about that? There are a number of things we can do. I suggest we put a limit on runaway debt so that it cannot be more in any year than 90 percent of our gross domestic product. Another idea would be to enact a bipartisan Conrad-Gregg proposal which would say to Congress and the President: We need to set up a special mechanism to deal with entitlement spending—the runaway spending for Medicare, Medicaid, and Social Security, which is the biggest part of our debt problem. The proposal would set up a special commission that would figure out how to bring entitlement spending under control, make recommendations to the Congress, and we would vote it up or down, and act in the same way we close defense bases, which is also very hard to do. The Conrad-Gregg proposal has broad support in the Senate. It has broad support in the House. The President of the United States says he wants to control entitlement spending.

The Republican leader of the Senate, Senator MCCONNELL, in his first address this year, went to the National Press Club and said: Mr. President, I am ready to work with you on entitlement spending. In other words, he wants to bring the debt down in the outyears. But so far we have not seen that priority.

I think the priority today ought to be to fix the banks and get credit flowing again. I support the President's objective to reform health care this year. I think health care has to be reformed in order to bring entitlement spending under control. But why can't we go ahead and work on Social Security? Why can't we pass the Gregg-Conrad bill? Why can't we send sub-signals that we are serious about reducing entitlement spending? Instead, this budget would move \$117 billion of funding for Pell grants from discretionary spending to entitlement spending; in other words, move it from the area where we would spend it only if we can afford it to the area where we automatically spend it without having to vote on it. We shouldn't be adding anything to entitlement spending this year.

Finally, new taxation is not good, for this year especially. I care about climate change, but now is not the time to impose a \$600 billion tax on electric bills and gasoline prices in the middle of a recession.

Republicans will offer a clean energy agenda based on conservation, nuclear power, electric cars, finding more natural gas, aggressively funding research in solar energy, and finding ways to capture carbon. We can do all that without imposing a new tax on the American people in the middle of a recession.

I look forward to the President's remarks tonight. I hope, as I believe most Americans do, that he rejects the House bill of last week and expands on Secretary Geithner's proposal. I applaud him and I applaud the Secretary for a mature, thoughtful proposal, and

I hope the President will, as Presidents must, select the most urgent issue before us and focus on it with all he has until he fixes the problem. He can do that. Only a President can do it, and this President is especially talented. I believe if he makes clear he intends to do it, the country will have confidence that he will get the job done.

I yield the floor.

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

Mr. GREGG. Mr. President, I wish to speak and continue the discussion which was raised by the Senator from Tennessee and the Republican leader earlier on the issue of where the budget that has been proposed by the President is going to take us. There are a lot of concerns raised by this budget.

Most of us have been willing to say we understand the President has inherited a very difficult financial situation; that, therefore, we accept the fact, in the short run this year and for much of next year, potentially a lot of money is going to have to be spent very quickly in order to try to refloat the economy. The Federal Government is the only place where there is liquidity right now, and that liquidity is being used aggressively to try to get the economy going again.

The problem the President's budget has is, as we get past this next year, year and a half of recession and we get further down the road in his budget, the budget he has sent up to us continues to dramatically increase spending, dramatically increase borrowing, and dramatically increase taxes.

As we get into the third and fourth year of this budget, instead of seeing the numbers come back down to something that is manageable, we see a deficit running in the 4- to 5-percent range of GDP. We see a public debt-to-GDP ratio in the 60- to 80-percent range. These are numbers that cannot be sustained. They add up to massive debt.

This chart shows the situation in fairly stark terms. Historically, the national debt has been around 35 percent of GDP. That is a sustainable level. I think if you talk to most people in the economic area, they will say a government can do quite well if its national debt can be contained at that level.

Unfortunately, under President Obama's proposal, that debt goes straight up, and by the end of the 10-year window which his budget covers, it is at 80 percent of gross national product. That is not sustainable. That essentially means we are putting on the books a debt which we have to pay as citizens of this country, which is unaffordable for the citizens in this country. It has a lot of practical implications which are all very serious and about which we should be concerned.

The most obvious is that when we run up this much debt, somebody has to pay it and that means our kids and our grandkids. They are going to have to pay this debt off. Instead of maybe being able to buy a house, send their

kids to college or live the lifestyle our generation has lived, they are not going to be able to do that because the debt burden on them is going to be so high that burden will overwhelm their ability to live the same quality of life that we have.

Equally important is the effect it probably will have on the value of the money of the United States, the dollar. There are only two ways you can handle it when you run debt up such as this. Either you dramatically raise taxes—and you basically make it virtually impossible for Americans to be productive if you raise taxes as much as this debt would cost to pay off—or you do something called monetizing the debt, which is a technical term for creating inflation. Inflation is a pretty big evil. If you get on a course of inflation, you quickly go into a spiral that is downward as a nation and as an economy. This debt on this present path, as proposed by the President, will lead us to that spot.

There is another problem this creates, equally significant and about which we are already hearing, and that is, for people who are observant and people who look at our Nation, especially if they are lending us money—and the whole world is lending us money, especially the Chinese—they look at our debt and they say: Is it manageable? Can the United States maintain this level of debt and still be a productive country, still be able to be prosperous?

There are beginning to be signs of people saying: No, we are not so sure that is true. We are not sure that is going to be the best thing to happen. So the value of the dollar starts to change and gets decreased. Equally important, people become restive about buying our debt, about financing this great spending spree which this administration has proposed by lending us money. In fact, we have now heard two major statements from the Chinese leadership. The Premier of China has specifically said that he is concerned about the value of his investments in the United States. Remember, China holds the majority of our debt. Now we see, from Mr. Zhou—I believe that is how he pronounces his name—the head of their Federal Reserve, essentially that they are so concerned about our debt situation and our lack of management of our fiscal house that they want to change what is basically known as the world currency reserve from dollars into some other currency. They are suggesting it be something controlled by the IMF, a currency produced by the IMF. That is not a vote of confidence in where we are going as a country by our biggest creditor.

It is unfortunate, very unfortunate, that we have to listen to the views of China and take them seriously on this issue. It did not used to be that way. But, regrettably, whether we like it or not, as we run up all this debt we have to find somebody to buy it because this debt is operating our Government and

we as a nation do not have the wherewithal to buy it, we have to sell it to other nations, and the primary nations with currency reserves today are China and Russia and some of your oil-producing states in the Middle East. These are not necessarily nations which are all that sympathetic to our problems, especially when our problems are fairly self-inflicted—and by self-inflicted, I mean this administration has sent up a budget which dramatically increases spending and dramatically increases taxes at the same time it borrows a huge amount of money.

Trying to put this in real-world specifics, if you take all the debt that has been run up in the United States since our Government started, since George Washington—he is over here—through all the Presidents, including George W. Bush, the amount of debt they have put on the books of the American Government, the amount of debt they put on our backs as American taxpayers is \$5.8 trillion. In the 10-year budget President Obama is suggesting, he is going to double that number. Essentially, President Obama's proposal puts more debt on the books—actually, in the first 5 years of his administration—than has been put on the books since the beginning of our Government through George W. Bush. That is how quickly and massively the debt of the United States expands under this budget.

At the same time, the tax burden increases significantly under this budget. There is \$1.8 trillion of new taxes proposed in this budget. I understand it is the philosophy of the Government that now is the majority in this Congress and in the White House that Americans should pay more taxes. I understand that. I do not happen to agree with it. I think the American people are not undertaxed. I think basically we are a country that has some problems, but they primarily go to overspending. But even if you accept the fact that we have to raise taxes on the American people, which is what is proposed in this budget—there are two major tax initiatives. One would hit small business and one would hit every American. We call it the light switch tax or the national sales tax on energy. You would presume that they would take those revenues and, as good stewards, use them to try to reduce this deficit we are facing which is driving this debt up. But, no, that is not what happens here. They take all these revenues and they use them to expand the size of Government, so Government grows dramatically.

Of course, they have now used up the resources which you might be able to use to try to bring this debt down for the purposes of increasing the size of the Government. They are increasing the size of Government so fast that even though they have the largest tax increase in history built into this budget, their spending increases so much quicker than that, the debt skyrockets.

President Clinton when he came into office raised taxes significantly, too,

because that was also his philosophy, but he took those tax dollars and used them—in conjunction, at that time, with a Republican Congress—to reduce the deficit and reduce the debt of the United States. That was proper. If you are going to raise taxes, that is what they should be used for. You should not use them to explode the size of the Government.

Where is this Government explosion occurring? Primarily, the President has proposed to take the spending of the Federal Government, which has historically been about 20 percent of the gross national product, up to 23 percent of the gross national product. That spending increase is not for the short run. In the short run, he takes it up to 28 percent. That spending increase begins in the second and third year of his budget and it goes on forever—23 percent, actually creeping up every year, spending by the Federal Government. Over the last 40 years, the Federal Government has only spent about 20 percent of gross national product. That difference between 20 percent and 23 percent on our economy is a massive increase in spending. The amount of deficits run up because of that spending over the next 10 years will be over \$9 trillion.

Just the interest on the Federal debt in the year 2018, as a result of this huge explosion of spending which is proposed in this budget, will be \$816 billion. That is just the interest on the Federal debt. Put that in perspective. In that same year, we will be spending less—around \$700 billion—on national defense. So we will actually be spending more on financing the deficit and financing the debt than we will on national defense. In the same period, we will be spending probably somewhere around \$100 billion on education, if you include Pell grants and student loans. So we will be spending maybe eight times what we spend on education on financing this debt. That is money that is being sent out of the United States. Hopefully, people will still be buying our debt. But it is money being sent out of the United States to people who own our debt. This is just out of control.

Some people have been saying the Republicans are being terrible naysayers about this budget. Yes, Yes, we are, because one generation does not do this to another generation. It is not the tradition of our Nation that one generation goes out and borrows massive amounts of money which have to be repaid by the next generation at a rate which can't be afforded by the next generation and then turns the country over to that next generation and says: Here, we are going to give you a country which has less opportunity for you than we received from our parents because this country is going to have such a huge debt burden on it as a result of all this spending and all this borrowing, and the taxing, which doesn't go to basically reduce the deficit at all; it goes to expand the size of the Government.

It is not fair, really, for us, our generation, to do that to the next generation. That is why we suggested—OK, we will accept the fact that in the short run, over the next 2 years, there is going to have to be a spike in Federal spending and in the debt. But after that occurs, let's get back to what is an orderly process. Let's get back to numbers which are acceptable and responsible. Let's bring the public debt down from 80 percent of GDP, which is where it is when we get out here in 2016, 2011, and that period—not too far away—down to 40 percent of GDP, where it has historically been, down here. Let's take the deficit down from 4 and 5 percent down to 2 percent, which is where it historically has been. Let's put in place responsible policies, not take the spending up to such levels that they simply cannot be afforded because of the amount of debt that goes on the backs of the American people that becomes grossly excessive and unaffordable. This is not an unreasonable request. We are not suggesting that the administration trim its sails this year. We are suggesting that in the outyears there be a responsible budgeting process around here that leads to a fiscally sound policy.

Why do the Chinese not have confidence in our currency? Why are they talking about changing from our currency? Why are they asking whether they should continue to invest in our debt? Because they don't see any policies coming down the pike from this administration which discipline in any way or limit in any way the spending of the Federal Government. Just the opposite—it is an explosion of spending on the entitlement side by over \$1.2 trillion and an explosion of spending on the discretionary side by almost \$1 trillion.

If we did something constructive around here such as set up the process—which I proposed along with Senator CONRAD, and many people in this Chamber support—which would put in place a disciplining event on our entitlement spending, then these different nations would look at us—and our people could say: Listen, Congress is serious about getting this under control in the outyears. They are not going to pass this massive debt on to our kids. They are actually going to try to put in place some systems to try to address this.

But nothing like this is happening. This budget has none of that in it. Instead, this budget simply expands the costs of the Government and the borrowing of the Government, and then it raises taxes and spends it instead of using it to reduce the size of the debt. It is a policy which is not sustainable.

The term "not sustainable" is used around here occasionally. What does it mean? Basically it means that when this policy comes to its fruition, after this budget is passed—and it will pass. The simple fact is, it needs 51 votes and there are 58 Members on the other side. It is going to pass. After it passes and

the policies underneath it come in place, the term "not sustainable" means we are going to pass on to our kids a government they cannot afford and which will reduce the quality of their life and which may put at risk the value of our dollar and the ability to sell debt, according to the people who are buying it right now, the Government of China.

This is serious. This is very serious. We need to take another look. We need to reorient. We need to sit down and say: How can we do this better? How can we make this work better? How in the outyears—and it is not that hard in the outyears—so we start to close these numbers on the deficit and bring down this rate of growth in debt so that it flattens out? How can we do that?

We are ready to do that on our side of the aisle in a bipartisan way, whether it is something like the Conrad-Gregg bill or something in the area of entitlement reform or whether it is a freeze on discretionary spending as we move into the outyears; whether it is, if you are going to raise taxes, using those taxes to reduce the debt rather than expand programs; living within our means in the area of health care. We are willing to look at all those ideas because if we do not, basically we are going to pass on to our kids a government that will fail them and a government that will obviously not give them the lifestyle that they deserve and that one generation should pass on to the next generation.

I yield the floor.

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

FISCAL RESPONSIBILITY

Mr. WARNER. Mr. President, I rise today to state a principle that is known well by those of us who have served in the private sector, and that principle is simply this: What gets measured gets done.

This week, as my colleague from New Hampshire has already stated, we begin work on the Federal budget even as we are implementing the American Reinvestment and Recovery Act.

Both of these actions can either confirm the claims of critics, the skeptics who always say that Washington simply is not capable of managing the taxpayer's money responsibly or it could present us with a tailor-made opportunity to demonstrate that we can combine bold action with innovation and transparency as we work to get our economy and our country back on the right track.

In the near term, the targeted investments included in the Recovery Act are designed to create millions of new jobs.

The President's budget proposals, if they are enacted, will allow us to make longer term investments through the expanded use of electronic health records, the build-out of the smart grid, and through energy-saving im-

provements to millions of homes and businesses.

Now, I do not think the American people expect miracles—but they can, and they should, expect competence.

So we must put in place the people with the right skills, insist on appropriate measurements, and then demand transparency and accountability.

When I became Virginia's Governor at the peak of an earlier recession, back in 2002, I inherited a \$6 billion revenue shortfall in Virginia's \$34 billion annual budget.

Our administration made the painful spending cuts, but then we did something else: we used that opportunity to enact long-term budget reforms that continue to save taxpayer money today.

For instance, we renegotiated a number of our State contracts and leveraged our purchasing power. We reduced the cost of light bulbs from 32 cents to 23 cents. Now, saving nine-cents per bulb will not close a \$6 billion shortfall, but the State buys an awful lot of light bulbs.

We found similar savings in procurement across much of State government, bundling our purchasing power the same way many major businesses do.

We examined and then eliminated outdated boards and commissions. We consolidated our State information technology activities. We took a whole new portfolio approach to managing our real estate holdings and our vehicle fleet, just as any business would.

These business-like reforms produced almost immediate taxpayer savings. And it accomplished something else as well: it created an expectation of transparency and accountability that resulted in Virginia being independently designated as the Nation's best managed State, and the best State for business investment.

I do not rise today to brag on the Commonwealth of Virginia well, perhaps a little bit. Instead, I rise today to suggest that this same approach—straight talk, tough choices, and an insistence on commonsense reform and accountability—is critically important here and now in Washington, DC.

President Obama has made it clear to Governors and mayors across the country that we need their help for this Recovery and Reinvestment Act to succeed. I commend the administration for insisting that accountability does not simply stop at the State capital, once a Governor releases funds to localities. We must have the same high standards of accountability at the local level as well.

I also am pleased that the administration's recovery.gov Web site conveys a lot of useful information to the taxpayers in a clear and user-friendly way. And by midweek, all but a handful of States are expected to launch similar Web sites of their own.

But as they launch these Web sites, we must make sure that they have standard metrics so we can actually