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Senate

The Senate met at 2:15 p.m. and was called to order by the Honorable CRAIG THOMAS, a Senator from the State of Wyoming.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Lord God Almighty, who remembers the weary, lift up Your hand and we shall live. You are king forever. You hear the desires of the afflicted and encourage them. Sustain us with Your might through all the days of our lives. Keep us from the pride of self-sufficiency and remind us that we borrow our heartbeats.

Today, lead our Senators and may their labors honor You. Help them to use their talents to bring unity. Feed them with the bread of kindness and use them as instruments of Your providence.

Lord, let Your image be seen in our Nation that America will be truly great. Make Your face shine upon our land that we may know peace, even in the midst of storms. All of this we ask for Your love's sake. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CRAIG THOMAS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

NOTICE

If the 108th Congress, 2d Session, adjourns sine die on or before November 20, 2004, a final issue of the Congressional Record for the 108th Congress, 2d Session, will be published on Monday, December 13, 2004, in order to permit Members to revise and extend their remarks.

All material for insertion must be signed by the Member and delivered to the respective offices of the Official Reporters of Debates (Room HT–60 or S–123 of the Capitol), Monday through Friday, between the hours of 10:00 a.m. and 3:00 p.m. through Friday, December 10. The final issue will be dated Monday, December 13, 2004, and will be delivered on Tuesday, December 14, 2004.

None of the material printed in the final issue of the Congressional Record may contain subject matter, or relate to any event that occurred after the sine die date.

Senators' statements should also be submitted electronically, either on a disk to accompany the signed statement, or by e-mail to the Official Reporters of Debates at "Record@Sec.Senate.gov".

Members of the House of Representatives' statements may also be submitted electronically by e-mail, to accompany the signed statement, and formatted according to the instructions for the Extensions of Remarks template at http://clerk.house.gov/forms. The Official Reporters will transmit to GPO the template formatted electronic file only after receipt of, and authentication with, the hard copy, and signed manuscript. Deliver statements to the Official Reporters in Room HT–60.

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By order of the Joint Committee on Printing.

ROBERT W. NEY, *Chairman.*

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, November 17, 2004.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CRAIG THOMAS, a Senator from the State of Wyoming, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. THOMAS thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

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

INCREASING THE PUBLIC DEBT LIMIT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to consideration of S. 2986, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2986) to amend title 31 of the United States Code to increase the public debt limit.

The ACTING PRESIDENT pro tempore. Under the previous order, there will be 6 hours of debate equally divided between the chairman and the ranking member of the Committee on Finance or their designees.

The majority leader.

SCHEDULE

Mr. FRIST. Mr. President, today the Senate will begin consideration of the debt limit extension bill. Last night we were able to lock in the time agreement of up to 6 hours on the measure with no amendments in order. I do not believe all the debate time will be required and therefore would like to vote on that measure, if at all possible, this evening. I will talk to the Democratic leadership about that possibility. I remind all Members that the House has to consider this after we act. Initially we thought about possibly doing it tomorrow night, but we have come to the general agreement to move ahead today because the House is waiting for us to act. Therefore, I appreciate everyone's consideration to go ahead and debate this afternoon and bring this to a vote.

I also announce that we want to set aside some time tomorrow to pay tribute to our departing Members. We want to let our colleagues know, as we look further in the day, what time tomorrow that will occur.

Finally, I remind Members we are still trying to close out other business. I was talking to the Democratic leader about the other items. One is the intelligence bill, the 9/11 Commission. Under our leadership, we set out a plan in late July. I hope we will be able to complete that over the course of today and tomorrow.

Of course, we have the omnibus bill, and we have tremendous cooperation on all parts. It is a large bill. It is a complicated bill. The good news is that in a bipartisan way the subcommittees have been able to address all of these issues over the last several months. It is a matter of packaging it, bringing it to the floor, and making sure our Senate colleagues have the appropriate opportunity to review that bill.

We have a lot of work to do. I continue to ask for everyone's assistance and patience as we proceed along these final days and this legislative and executive session and address calendar items.

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

Mr. DASCHLE. Mr. President, I share the views just expressed by the majority leader that we are at a point where we may be able to collapse the time that has been originally requested on the debt limit. I know there are a number of Senators who have expressed a great deal of interest in addressing the issue. The distinguished ranking member of the Budget Committee is here and prepared to speak. But it would be my hope, and I would share it with all my colleagues, especially on this side of aisle, we could complete the debate today rather than tomorrow and have a vote sometime prior to the time we leave for the evening. That, I think, is now doable, and I hope that with both sides of the aisle cognizant of our expectation we could complete our work this evening rather than tomorrow, people might take that into account as they consider the amount of time they may want to request.

I understand we are taking up the tax bill, and I am very pleased we have reached an agreement on that. I compliment particularly the distinguished Senator from Oregon for his work in that regard.

I share the cautious optimism just expressed by the majority leader with regard to appropriations. I think we are still making substantial progress, and it would be our hope that prior to the end of the week we will have an opportunity to address the conference report on that as well, in addition to other matters.

It is shaping up to be a reasonably productive week and I look forward to completing our work sometime before the end of this week.

I yield the floor.

CORRECTING THE ENROLLMENT OF S. 150

The ACTING PRESIDENT pro tempore. The Senator from Virginia.

Mr. ALLEN. Mr. President, on behalf of myself and also Senator WYDEN of Oregon, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Con. Res. 146 which was submitted earlier today.

The ACTING PRESIDENT pro tempore. The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Con. Res. 146) to direct the Secretary of the Senate to make corrections in the enrollment of the bill S. 150.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ALLEN. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to this matter be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Is there objection?

The Chair hears none, and it is so ordered.

The resolution (S. Con. Res. 146) was agreed to, as follows:

S. CON. RES. 146

Resolved by the Senate (the House of Representatives concurring), That, in the enrollment of the bill (S. 150) to extend the moratorium on taxes on Internet access and multiple and discriminatory taxes on electronic commerce imposed by the Internet Tax Freedom Act, the Secretary of the Senate shall make the following corrections:

(1) Amend subsection (a) of section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note), as added by section 3 of the bill, to read as follows:

''(a) PRE-OCTOBER 1998 TAXES.—

''(1) IN GENERAL.—Section 1101(a) does not apply to a tax on Internet access that was generally imposed and actually enforced prior to October 1, 1998, if, before that date—

''(A) the tax was authorized by statute; and

''(B) either—

''(i) a provider of Internet access services had a reasonable opportunity to know, by virtue of a rule or other public proclamation made by the appropriate administrative agency of the State or political subdivision thereof, that such agency has interpreted and applied such tax to Internet access services; or

''(ii) a State or political subdivision thereof generally collected such tax on charges for Internet access.

''(2) TERMINATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection shall not apply after November 1, 2007.

''(B) STATE TELECOMMUNICATIONS SERVICE TAX.—

''(i) DATE FOR TERMINATION.—This subsection shall not apply after November 1, 2006, with respect to a State telecommunications service tax described in clause (ii).

''(ii) DESCRIPTION OF TAX.—A State telecommunications service tax referred to in subclause (i) is a State tax—

''(I) enacted by State law on or after October 1, 1991, and imposing a tax on telecommunications service; and

''(II) applied to Internet access through administrative code or regulation issued on or after December 1, 2002.''.

(2) Insert after section 6 of the bill the following:

SEC. 6A. EXCEPTION FOR TEXAS MUNICIPAL ACCESS LINE FEE.

The Internet Tax Freedom Act (47 U.S.C. 151 note), as amended by section 6, is amended by adding at the end the following:

''SEC. 1109. EXCEPTION FOR TEXAS MUNICIPAL ACCESS LINE FEE.

''Nothing in this Act shall prohibit Texas or a political subdivision thereof from imposing or collecting the Texas municipal access line fee pursuant to Texas Local Govt. Code Ann. ch. 283 (Vernon 2005) and the definition of access line as determined by the Public Utility Commission of Texas in its 'Order Adopting Amendments to Section 26.465 As Approved At The February 13, 2003 Public Hearing', issued March 5, 2003, in Project No. 26412.''.

AGREEING TO THE REQUEST OF THE HOUSE—S. 1301

Mr. ALLEN. Finally, Mr. President, I ask unanimous consent that the Senate agree to the request of the House regarding the papers relating to S. 1301.

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

INCREASING THE PUBLIC DEBT LIMIT—Continued

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I rise to discuss the extension of the debt limit. First of all, I thank my colleague from Montana for his great courtesy in allowing me to go first, because we have a hearing in the Indian Affairs Committee, so I thank my colleague from Montana for this courtesy.

Before us is a proposal to extend the debt limit by $800 billion. I will oppose that expansion of the debt limit because there is no plan to reduce the deficits and the increase in the debt we are now facing.

I think it is a mistake for this body to extend the debt limit by $800 billion without a plan to get the deficits under control, to get the debt under control. Instead, what we are doing here is writing another blank check and saying to this administration: Go ahead, continue to run record budget deficits. Continue to increase the national debt. Do not worry about a plan to reduce this increasing dependency on foreign governments, on foreign citizens. Forget about fiscal responsibility.

An $800 billion increase in the debt. Now, make no mistake, we need to extend the debt limit. We have to pay the bills of the United States. So there is no question that we need to extend the debt limit. The question is, by how much. The question is, should we not only do it with a plan to reduce this dependency on borrowing.

I believe the answer to those questions is absolutely. We ought to insist that there is a plan to get the deficit under control. We ought to insist there is a plan to reduce the buildup of debt. We ought to insist that this administration and this Congress face up to the mounting challenges facing this Nation.

To review the dramatic change in our fiscal condition, in January of 2001, we were told we could expect over the next 10 years nearly $6 trillion in surpluses. Now we are told, just 3 years later, nearly 4 years later, instead of trillions of dollars of surpluses, we can expect trillions of dollars of deficits, over $3 trillion deficits. That is a change in our fiscal condition in 4 years of $9 trillion. If that does not cry out for a response, if that does not cry out for this Congress and this administration to come up with a plan to address these burgeoning deficits and debt, I do not know what would require a response.

If we look at the last 4 years, we can see that in 2001 the Federal Government ran a surplus of $127 billion. In 2002, that had turned to a $158 billion deficit. In 2003, that deficit had exploded to $377 billion—the biggest deficit in dollar terms in our Nation's history—and now in 2004, another record deficit, a deficit of $413 billion—record red ink and no plan to address it.

The President has told us, told us repeatedly, that he has a plan to cut the deficit in half over the next 5 years. Do not believe it. Do not believe it any more than the claims the President made that there would be no deficit if we adopted his fiscal plan. The President told us—in fact, the President assured us—that we could count on a record paydown of the debt if we adopted his fiscal plan. Well, we did, and he was wrong because not only have we not had record paydown of the debt; what we have had is a dramatic increase in the debt. As we look ahead, here is what we see the deficit looking like over the next 10 years. I do not see any cutting of the deficit in half. The only way the President gets to his claim that he is going to cut the deficit in half is he leaves out things. He leaves out war costs. He leaves out the need to address the alternative minimum tax. He leaves out the effect of his own tax proposals.

If we take all of those into account—making the tax cut permanent, which the President has recommended; his defense buildup; the alternative minimum tax reform; and ongoing war costs—this is what we see, as the deficits going forward, in the amount that is actually going to get added to the debt every year. This is an ocean of red ink facing this country. Part of the reason, as I have indicated, is that the President, I am afraid, hid from the American people the true effects of his policies.

One way he has hidden it is he has changed from 10-year budgeting to 5-year budgeting. Here is why I believe he did that. This shows the cost of extending the tax cuts as the President has proposed. This dotted line on this chart shows the end of 5 years. But beyond the 5 years, the effect of the President's tax proposals explode in cost. That is the nature of the President's tax proposal. The cost explodes outside the 5-year budget window, just beyond the view of those who are responsible for making budgets for this country. The result is that the red ink the President has promised to reduce will explode right beyond the 5-year budget window.

It is not just with respect to the tax cut proposal, but we see the exact same pattern with the alternative minimum tax. The alternative minimum tax is the old millionaire's tax, which is now affecting 3 million taxpayers. In the next 10 years, it will affect 30 to 40 million taxpayers. It has to be dealt with. The President only provides funding to address this crisis for 1 year.

But look at the pattern of cost. Again, right beyond the 5-year budget window, right beyond this dotted line, which represents the next 5 years, the cost of fixing the alternative minimum tax absolutely explodes, at a cost of over $600 billion. The President does not have that in his budget.

Nor does he have the true cost of the war effort. We have had $25 billion put in a contingent reserve for fiscal year 2005, but we know that is a fraction of the cost. The Congressional Budget Office tells us that the true ongoing cost of war is over $315 billion. None of it is in the budget, other than the $25 billion. None of this $315 billion, other than the $25 billion down payment, is reflected in these numbers in which the President assures us he is going to cut the deficit in half.

I am told the Pentagon is about to propose, the administration is about to propose an additional $70 to $75 billion in a war cost supplemental some time early next year.

I think this hiding of the true financial condition of the country is wrong, and I think it is reckless.

The President told us when we adopted his fiscal plan: I can fully protect Social Security. I won't be taking Social Security money and using it for other purposes. Wrong again. The President is taking every dime that is available to take from Social Security over the next decade—$2.4 trillion—and using it to pay for other things. Mr. President, $2.4 trillion, every dime of which has to be repaid, and the President has no plan to do so.

It is not just there that we see the problem. We also see that the President has a plan to privatize parts of Social Security. Most of the estimates are they would cost some $2 trillion in transition costs. Again, the President has no plan to pay for it other than to borrow the money to do it. More borrowing, more deficits, more debt: no plan to address the issue. These decisions have real consequences.

We can see all of this is happening at the worst possible time, right before the baby boomers start to retire. The baby boom generation is out there. It is not a projection. They have been born. They are alive today. They are going to retire. They are going to be eligible for Social Security and Medicare.

This is what it looks like when you plot the increase on a graph of those who are going to be eligible for Federal benefits. Right now, we have around 40 million people who are eligible, but over these next years the number is going to double. This is the dramatic demographic timebomb that is out there with the baby boom generation.

When we look at the long-term implications—this is not a projection by this Senator or a projection by the Democrats; this is a projection by the Congressional Budget Office—the long-term budget outlook in terms of the effect on deficits, what they show is some improvement over the next couple of years but then an explosion of deficits and debt if the President's proposals are adopted.

We have record deficits now, the biggest in dollar terms in our history, and they pale in comparison as to what is to come if the President's proposals are adopted. There is no response. There is no response from the Congress of the United States. There is no response by this administration to these growing deficits and debt. It is just more of the same, business as usual, steady as she goes. That is a risky course for this country.

We remember so well the President telling us there would be maximum paydown of the debt if we adopted his fiscal plan. Instead of maximum paydown of the debt, we see the debt exploding.

The gross debt of the United States was less than $6 trillion when he took office. We now see, by 2014, that debt will approach $15 trillion—a stunning reversal in the fiscal condition of the country. In just these 3 years, there is an increase in the debt limit of $2.2 trillion under President Bush; an increase, in 2002, of the debt limit of $450 billion; in 2003, of $984 billion; and now another $800 billion. Mr. President, $2.2 trillion, after we had, from 1998 to 2001, no increase in the debt limit, none.

Now, the President describes these policies as compassionate conservatism. I do not know where the conservatism comes in. I do not know what is conservative about exploding the debt of the Nation. I do not know what is conservative about running up record deficits—and not just at a time of economic slowdown but even now, as the economy is recovering, deficits as far as the eye can see.

The result of these policies, the result of this increase in deficit and debt is soaring Federal interest costs. From the estimate in January of 2001 that the interest cost over the next 10 years would be some $600 billion, now estimates are that the interest cost to the Federal Government over that same period will be $2.4 trillion, from an interest cost projection of $600 billion to $2.4 trillion. That interest does not build a bridge, does not construct a highway, does not finance an aircraft carrier or a tank. That is money just to service the debt.

These massive increases in deficits have enormous implications, not only for our finances but for our economic strength. Deficits and debt will ultimately slow economic growth. This is a quote from the CBO Director, Douglas Holtz-Eakin, before the Senate Budget Committee last year.

Mr. Holtz-Eakin is an appointee of the Republican majority in the Congress. He came from the President's own economic advisory staff. He said this:

> To the extent that going forward we run large sustained deficits in the face of full employment, it will in fact crowd out capital accumulation and otherwise slow economic growth.

Mr. President, that is why these decisions matter. This is not just numbers on a page. This isn't just graphs. This is not just pictures on a chartboard. These decisions have a real impact on the economic health of this Nation, on the creation of jobs, on the development of economic opportunity, on the future economic prospects of our Nation and, fundamentally, of the economic strength of America.

I don't believe we can be militarily strong if we are financially weak. This President has us on a course to financial weakness. Make no mistake about it, these higher interest rates will burden families. For the typical American family, a 1-percent increase in interest rates will raise the payment on a 30-year home mortgage of $150,000 by $1,200 per year. When the Federal Government has to borrow more money, that puts it in competition with the private sector for borrowed funds. When that happens, that forces up the cost of borrowing. The more demand for money, the more interest costs have to go up. That is true especially at a time of economic recovery.

Mr. President, these decisions have real consequences in the lives of real people. I believe paying down debt is also a moral values issue. The President said himself in 2001:

> Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.

On this issue, the President was right. We should not pass on these debts to future generations. But that is now precisely what the President is doing—again, not at a time just of economic slowdown; we have now got a resumption of economic growth. Yet the President proposes more and more deficit, more and more debt. I think it is a mistake. I think it is a mistake for this body to extend the debt limit in an almost unlimited way, by $800 billion, without any requirement for a plan to address these burgeoning deficits and debt.

The deficits we are running are not just budget deficits, they are also trade deficits—approaching over $650 billion in the most recent year. Not only are we running a budget deficit of over $400 billion, we are also running a trade deficit of over $650 billion, or in that range.

Where is the money coming from in these massive deficits? Well, we are borrowing the money, as I indicated, from the Social Security trust fund—some $2.4 trillion over the next 10 years. We are also borrowing from countries all around the world. We have borrowed over $700 billion from Japan. We have borrowed over $170 billion from China. We have borrowed $100 billion from the so-called Caribbean banking centers. I think many in America would wonder what is going on here. We are borrowing money from Caribbean banking centers? We have borrowed over $60 billion from South Korea. Who would have believed it? Growing up in North Dakota, I would never have believed we would be out with a tin cup borrowing money from countries such as South Korea.

Mr. President, here is what has happened under this President in terms of foreign holdings of our debt. They have increased by 83 percent in just less than 4 years of this administration. Prior to this administration, total foreign holdings of U.S. debt were just over a trillion dollars. In less than 4 years, that has now increased by over 80 percent. We are now approaching $2 trillion of foreign-held debt.

Mr. President, who cares? What difference does it make? I have had a chance to go and teach classes in my home State at the universities and colleges. I have asked them what difference does it make if we are deeper and deeper in debt to other countries? Well, the response of those students has been overwhelming and clear. They have said: Of course, it makes a difference. How does it change any relationship if you are borrowing money from people? It makes you dependent on those people. It means you are less able to challenge them on unfair trade practices. It means you are less able to confront them if we are faced with a military confrontation.

I noticed with great interest a New York Times article of Tuesday, October 19, headlined, "Private Investors Abroad Cut Their Investments in the U.S." It indicated that "Asian central banks bail out America, a nation of spenders rather than savers."

The U.S. economy is now increasingly dependent on a handful of foreign central banks for our economic stability and security. This is a vulnerability for our country. To more and more owe money to foreign nations and foreign central banks puts them in a stronger position with respect to America's economic future and puts us in a weaker position.

In that article, it indicated:

> New data accentuated how dependent the United States has become on purchases of dollar securities by the Chinese and other Asian governments with links to the dollar. "Foreign central banks saved the dollar from disaster," said Akhraf Laidi, chief currency analyst of the MG financial group. He said, "The stability of the bond market is at the mercy of the Asian purchases of U.S. treasuries."

We are at the mercy of foreign central banks, of Asian central banks. I don't think that is where we want to be. I don't think that is where we want to be as a nation, dependent on foreign central banks. In that same article, the New York Times indicated that a large amount of foreign-held debt could lead to economic turmoil. Here is what it said:

> A disorderly situation would occur if foreign money dried up suddenly when the United States still needed it.

Let's think about where we are headed here.

> Then, the adjustment in the American savings might happen involuntarily. Interest rates would rise sharply, and the dollar could fall abruptly. This could induce a sharp economic contraction, even stagnation.

Mr. President, what are we doing here? There is absolutely no response from this Congress or this administration to this gathering financial threat. No response. The only response is: Let's go borrow more money. Let's increase the debt more.

This article appeared in the Wall Street Journal on November 8, headlined, ''Dollar Lacks Backers as Deficit Worries Dominate.''

This article asks the question:

What is going to prop up the sliding dollar?

It went on to say:

Despite unexpectedly strong job creation and another jump in the stock market, the dollar dropped against key currencies . . . breaking through the record low against the euro set nine months ago.

Currency strategists say the dollar's inability to capitalize on news of 337,000 jobs created in October reveals the market's skepticism about whether a second term for President Bush will reverse deficit spending and a reported current-account deficit—

That is our trade deficit—

the broadest gauge of the nation's balance of payments.

We are here, steady as she goes, headed right for a potential fiscal crisis, and there is no response.

Here is what happened to the value of the dollar against the Euro since 2002: The dollar has dropped 30 percent against the Euro in that time. This is a warning. This is a warning, I say to my friends. People are losing confidence in the fiscal policy of the United States. This has potentially ominous consequences that I think we all understand.

The CBO Director believes deficits can no longer be blamed on just a weak economy. He said:

Policy choices will determine where we go. We will not grow our way out of this. It is no longer the case that we can blame everything on the economy.

I talked about the budget deficit. Here is the U.S. trade deficit. Same pattern: explosive growth in our deficits, both budget and trade, requiring more and more foreign borrowing, making us more and more dependent on the decisions of foreigners as to our economic stability and strength.

Today in the Washington Post, Robert Samuelson, an economist, wrote an article headlined, ''The Dangerous Dollar.'' He points out the risks to our country of what could happen if there was continuing flight from the dollar and a collapse in its value. He points out the risk to this country and says:

No one knows what will happen. The massive U.S. payments deficits could continue for years, with foreigners investing surplus dollars in American stocks and bonds. Gradual shifts in currency values might reduce the world's addiction to exporting to the United States. Or something might cause a dollar crash tomorrow. In that case, massive intervention by government central banks . . . might avert a calamity. Or it might not. We're in uncharted waters. If we hit a shoal, it will be bad for everyone.

The warning is clear. The risks are there. The question is: Do we just stay on this current course, or do we respond to this growing threat? I think it is inappropriate to extend the debt of the United States by $800 billion without a plan to reduce this dependency on foreign capital.

I thank the Chair and yield the floor.

Again, I thank my colleague, Senator BAUCUS, the ranking member of the Finance Committee, for his courtesy in allowing me to speak first so that I may make a hearing going on in the Capitol complex.

The PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, the Senate is here today to respond to the administration's request once again to increase the statutory limit on the Federal debt. More fundamentally, we are here in response to a warning. Like a proximity alert on an aircraft, the debt limit warns the Government is headed for a crash. We need to change course.

Unless we change course, the administration's fiscal policy will consign American families to a lower standard of living. Unless we change course, American workers will have lower incomes than they would otherwise have, and the dollars they earn will be worth less than they otherwise would have been worth.

Unless we change course, millions of Americans will live poorer lives. That is what we are really debating today when we debate the debt limit, and that is why I shall vote against the bill, to signal that we must change course.

Narrowly speaking today, we are considering the ceiling on Federal debt, the cap that the law places on borrowing by the Federal Government. The legislation before us would raise the debt ceiling to $8.184 trillion. It would increase the debt ceiling by $800 billion.

As this chart to my left shows, it will be the third largest increase in the history of the country. This chart indicates debt limit increases since 1982, and in roughly 1990, it was $915 billion, and then the highest was $984 billion, and this $800 billion is the third highest increase in the debt ceiling. Unfortunately, this large debt ceiling increase, and particularly the recent increases, are becoming all too common.

Just last year we were forced to raise the debt ceiling by a record $984 billion. Almost $1 trillion in additional Federal borrowing, that limit was raised in 1 year. In just the year before that, the debt ceiling had to be increased by $450 billion. That is more than $2.2 trillion in debt in just 3 years. In contrast, prior to those 3 years, there had been no increase in the debt ceiling for 5 years.

An increase of $800 billion of debt that is requested in this legislation before us means $2,700 more debt for every man, woman, and child in America, and a total of $8 trillion in total debt means about $25,000 of debt for every man, woman, and child. That is a $25,000 burden on each of us, our children, and our grandchildren.

I believe that each of us who runs for public office and serves has a moral obligation, and that obligation is to leave this place in as good a shape or better shape than we found it. It is that simple. As this President and this Congress keeps piling up more and more debt, clearly we are leaving this place in worse shape than we found it. We are putting a huge additional obligation and burden on our successors and upon, more importantly, the people we represent and, even more importantly, those who follow the people we represent. That is not the moral, correct thing to do. My judgment is that it is not only not responsible, it is irresponsible.

This chart shows per capita total Federal debt outstanding. This is per capita, on a per person basis in America. It has steadily been rising from 1997 from close to $20,000 to more than double, to $25,000 being asked for today.

Today's increase also will not be the end of large increases in the debt ceiling. It will not be the end because before the next year runs out, we will need to raise the debt ceiling once again.

The reason for these record increases in the debt ceiling is the record Federal budget deficits that our Government is running.

To clarify for those who may be unsure about the terminology here, the term ''deficits'' obviously means annual deficits that this Government runs, and the term ''debt'' means the accumulation of all the deficits. That is why the deficits sound a little less. It is some $400 billion, whereas the total publicly held debt is over $8 trillion.

I must add to this, I don't want to lay the blame totally in the hands of the President, but the President submits budgets to the Congress. Congress tends to work with the budgets that the President submits. Every year the President submits a budget and Congress does work around the edges, maybe add a little, subtract a little, but it is Presidents, not Congress, in the main, who actually determine the amount of either surplus or the amount of deficits that are actually enacted. It is primarily the Presidents.

Since the current administration took office, there have been record annual surpluses that have turned into record annual deficits. In the fiscal year 2001—that is the transition year between the two administrations—the Federal Government ran a surplus of $127 billion, a surplus. We actually ran a surplus of $127 billion in fiscal year 2001. For the next year, 2002, the first full fiscal year in the current administration, the Government ran a deficit—not a surplus but a deficit—of $158 billion. In the next fiscal year, the Federal Government ran a record deficit of $377 billion. Last year, in fiscal year 2004, there was yet another record deficit of $413 billion.

This chart basically outlines what I just said; namely, we start with a reduction in Federal debt. That is the total. Beginning about 2001 it starts skyrocketing back up again.

These record deficits are even more painful when they are compared with the record annual budget surpluses that preceded them. In fiscal year 1998, the Government ran a surplus of $69 billion. This was a record budget surplus at the time and the first budget surplus since fiscal year 1969.

In fiscal year 1999, this was another record surplus, $126 billion. That was followed by yet a third record surplus of $236 billion in fiscal year 2000. So we had 3 years of growing surpluses. So in just 4 years, the Government has moved from a record surplus of $236 billion to a record deficit of $413 billion, which is quite a dramatic swing of about $650 billion in our annual Federal budget outcome just over a 4-year period of time.

That is why we are here today. That is why we have to, in a technical level, raise the debt ceiling. It is because we are running record budget deficits. It is that simple.

In contrast, when we were running budget surpluses, the Government was doing what it should do. It was beginning to pay off the debt held by the public. That is what took place the second half of the previous administration. So between 1998 and 2001, our Government paid off about $450 billion worth of debt. Indeed, when the current administration took office, there was serious talk that all debt held by the public would be paid off within about 10 years or so. I think we all remember that. Gosh, if we totally pay off our national debt—is that possible? People were saying it would be bad if we paid off our total national debt. But we were on the glidepath at that time, a few years ago, to pay off the national debt, and there was very serious talk about what would we do when we got down to zero national debt. How soon we forget.

What a sad turnaround we experienced. The turnaround can clearly be seen in this chart here which outlines the dramatic change. Our national debt was steadily coming down as we had annual deficits and we were using the deficits to pay off the national debt. That is what happened in 2001. Then in 2002 and 2003 and beyond it is just the opposite.

Is this going to continue, this trend? Unfortunately, if we are objective about this, I think the answer is yes. The President claims he will cut the deficit in half in 5 years. Indeed, Senator KERRY campaigned for the Presidency and said he would cut the deficit in half in 5 years. But I must say, to be totally candid, those estimates are a little rosy. That is not going to happen.

For example, the independent nonpartisan Concord Coalition projects a deficit of about $450 billion 5 years from now. That will be higher than last year's record. Don't forget the Concord Coalition is known by most Members of Congress as being a fair, objective, nonpartisan organization looking at these matters very closely and very fairly and accurately.

Ten years from now the Concord Coalition projects the deficit will be an astronomical $734 billion. The Concord Coalition says it is going to get worse, much worse, with each passing year and the total deficit, they say, for the next 10 years will be almost $5 trillion. That means the Federal borrowing for the public will be $5 trillion in 10 years, and the debt ceiling will have to be raised by $5 trillion as well just to accommodate that increase.

Some may ask, Does it matter if Federal Government borrowing increases by $5 trillion? Does it really matter? Mr. President, it does. It really matters.

When the Federal Government borrows money from the public, it threatens two bad results. First, the Federal borrowing could compete with borrowing by businesses and consumers. What does that mean? That means that interest rates would go up. They have to go up. They are competing for the supply of money. Borrowing by businesses for new investments would have to go down. Borrowing would have to go down, all things being equal, and with fewer business investments, economic growth would, therefore, decline relative to what it could be.

High interest rates are killers. High interest rates, more than almost anything else, are a drag on the economy. It really slows the economy down and could deepen any recession that might occur.

Conversely, very low interest rates help businesses borrow, help homeowners buy homes, et cetera. It is very good for economic growth. In addition, because of this crowding out effect, our future standard of living could be lower than otherwise it would be.

Moreover, the rise in interest rates caused by increased Federal borrowing would make household purchases by credit more expensive. The increased costs would cause households to have less purchasing power and, therefore, would have to buy less. You may have to postpone or maybe not be at all able to buy that new refrigerator, to buy that new stove, that TV set, whether it is a plasma TV or regular TV, whatever it might be. The increased cost would cause households to have much less purchasing power.

For example, an increase in mortgage rates of just 2 percentage points would increase home buyers' annual payments on a $200,000 home by about $1,700. Potential home buyers would decide whether to buy these homes or, in the alternative, reduce other purchases. In either case, the home buyer's standard of living would be lower.

The second bad outcome that the additional Federal borrowing could cause is that Americans would owe more to foreigners. Foreigners would increase their holdings of U.S. assets. What does this mean? This would lower our future standard of living, as the earnings from American assets would have to go to foreigners, not to Americans. Thus, when the Federal Government borrows more, the standard of living of the American families suffers. It is zero sum, axiomatic; it by definition has to happen.

There is another danger from added Federal borrowing as well. If foreigners, especially foreign central banks—that is the governments, foreign governments—buy a significant portion of our debt, our U.S. economy will be subject to serious jolts, particularly if these lenders decided to sell off that debt precipitously. At the very least, they will have a little hold on us as they increase their holdings of American Treasurys, American securities—which is what they buy mostly these days, partly because it is more liquid, which means they could get rid of them much more easily, more quickly. But they have a little hold on us, a little leverage on us in any trade negotiation, any political negotiation, any foreign policy negotiation with these countries. Whether it is China or Japan or wherever, there would be a little edge because this country might hint that, gee, maybe we might start pulling out our purchases, sell the U.S. Treasurys we have unless you Americans go along with something we want. I am not saying it will be a huge factor. It may be a huge factor. I am saying it will be a factor we would not want to have to deal with.

Suppose the U.S. dollar declines further. It has come down about 30 percent in the last couple of years against the Euro. When the Euro was first announced, the dollar was fairly strong compared to the Euro. Now it has fallen about 30 percent. As Federal debt and interest payments from our national debt are denominated in U.S. dollars, what happens? The value of those assets starts to drop. That is what is happening. The U.S. dollar, compared with other currencies, is starting to fall significantly.

What happens then? Foreigners, including foreign central banks, might be afraid the dollar will go further. That is the trend. It is going down. Why is it going down? Because of the huge deficits and debts. A little less confidence in America. The more it goes down, then central banks in other countries will ask, do they want their dollar-denominated assets, as U.S. Treasury, to decline further? Probably not. So what are they going to do about that? Sell. Sell before they fall. Once they start to sell, what happens? The fall is greater.

That is the danger we are facing. I am not saying this is actually going to happen. Nobody knows if this is going to happen. There is a school of thought that there is so much savings in the world this will not happen. But we all know it is getting more and more risky and more likely this will happen.

If we exercise a little common sense as we run our household, we know there comes a point we cannot continue to borrow. There comes a point when the bank says no. There comes a point when we have to be more responsible as a household. The same is true here. There comes a point when the bank says—in this case it is foreign banks, or in this case the taxpayers—Enough is enough.

We do not know there will be a huge, precipitous decline. We do not want there to be a precipitous, huge decline. If there is, we do not want to know when it is because we do not want it to happen, but we do know if we are irresponsible and turn a blind eye to all of this, it is much more likely to happen and we will pay the consequences and rue the day when we, at an earlier date, did not take the necessary steps to correct this.

There is a real danger that foreign banks, as they look at their hole card, may sell off some of the Federal debt they now hold. Half of the foreign holdings are held by central banks. That would cause a spike in interest rates. Why? Because as they begin to sell, what does the U.S. Government have to do? It has to raise interest rates to keep the companies in America securities. Raise interest rates, and we will have all the other consequences I mentioned earlier—higher mortgage interest rates, consumer interest rates go up, companies cannot borrow as much because the banks are charging them much more. This is not some fringe possibility; this is real.

Why do I say it is real? Why am I very concerned about this? Let me quote the former Chairman of the Federal Reserve, Paul Volcker. He said quite recently he thought there is a 75-percent chance of a currency crisis in the United States within 5 years. Those are odds we do not want to have to deal with.

One of the hardest things to do is managing economic affairs early before you get in real trouble. It is so easy to postpone and put off. It is a bit of an abstraction right now. We do not know what will happen. It does not hit Americans right in the gut. It is not like raising taxes or lowering taxes which people feel immediately in their household budgets. I can guarantee if these problems do occur, and all the evidence indicates it is very likely to occur unless we take some very serious steps today, it is going to hit Americans so hard in the gut, it will have such an impact on Americans that this country is going to have a very serious problem.

Something else we should consider is the international competitiveness we Americans face with other countries worldwide, irrespective of our current deficits and trade deficit—which is humongous, which we will have to pay for sooner rather than later—with other countries. Take China, for example. We graduate in the United States of America about 65,000 engineers a year. Engineers can build new products and help make America strong. Guess how many engineers China graduates each year. Over 300,000 yearly. Are they brighter or dumber than our engineers? No, they are smart, progressive young men and women. And they are hungry. For those who have been to China recently, it is stunning to see the degree to which the Chinese people are hungry. They are going to compete very aggressively on the world market.

We are in a sense almost fiddling while Rome is burning. That is, not only not paying attention to our fiscal problems but also not paying attention to the competitiveness we have around the world; that is, not making sure we have more trained engineers who can do better worldwide. We will find ourselves not too many years from now in a real pickle. I am saying, right now, start taking measures so we do not have huge problems we otherwise would have.

I mentioned earlier central banks, if this trend continues, might decide to change their holdings and Federal debt for political reasons. Not only economic, but also for political reasons. For example, a foreign government might be involved in a trade dispute with the United States. This foreign government would know it could roil markets for the U.S. Federal debt and U.S. economy if a central bank sold a large portion of its holdings of U.S. Federal debt. It knows that. So what does it do? That government or country might hint around or might threaten to sell off, roil international markets, with an adverse effect on U.S. currencies, undercutting the United States' position in that trade dispute.

At the end of September this year, foreigners held about $1.9 trillion of our debt, close to $2 trillion of the total. Japan alone held $720 billion. China was next with $174 billion. Moreover, of $1.9 trillion of total debt held by foreigners, foreign central banks held $1.1 trillion. That is significantly more than half owned and controlled by central government banks. That is the government banks in those countries which, therefore, are in a great position of control. Those total amounts are nearly double the totals of 3 years ago. This has accelerated dramatically, almost double, over the last 3 years. Total debt held by foreigners is now 43 percent of all debt held by the public. Pretty close to half of all our national debt is held by foreigners—not by Americans, but by foreigners—and foreign central banks hold a full 30 percent of all such debt, one-third.

That is significant. Before I got in the Government, I worked for the Securities and Exchange Commission and I can remember back then the controlling interest was 10 percent. We are talking about 30 percent here. That is much more than a controlling interest in an entity's financial position.

The forecast for future Federal deficits and borrowing does not look good. I must add, this is not the worst of it. It gets worse. President Bush, for example, has made it clear he wants to pursue a plan for partial privatization of Social Security. Under that plan, part of a worker's and employer's Social Security payroll taxes we divert into new private savings accounts for the workers. That sounds good, but what does that mean? That means there would be less revenue left in the Federal budget for other spending. The Federal Government would have to borrow more money to cover the difference. That adds even greater pressure on the Federal debt and greater upward pressure on interest rates.

For many of the various partial privatization plans being proposed, these revenue losses would not be small. They would be more than significant, between $150 and $200 billion a year in each of the next 10 years. The losses would be even larger in subsequent years. These revenue losses, these additional revenue losses, and the associated increases in interest costs on top of that, would raise annual deficits to previously unimaginable heights. For example, the annual deficit projected by the Concord Coalition for 10 years from now would rise to over $1 trillion. That is in addition. Federal debt would rise by an additional $2 to $3 trillion in the next 10 years to a total of about $7 to $8 trillion of new borrowing during that period. That is on top—that is in addition—$8 trillion today, double in 10 years.

So we should take two lessons from this dismal picture. The first is we need to exercise true fiscal discipline. That is just common sense. Americans sit around that kitchen table very often—maybe it is weekly, maybe it is monthly—trying to make ends meet. Some cannot keep spending more than they take in each year. Most cannot. No one can continue that indefinitely because at some point the banks just won't lend people any more money. They will insist that existing loans be paid off.

We have bankruptcies. We have chapter 11. We have chapter 7. The point of all that is to stop the hemorrhaging, to pay off creditors to try to get the economic houses of Americans and companies back in order. I am not saying we have to declare bankruptcy. That would be something else, wouldn't it, if the United States of America declared chapter 11 and tried to reorder all the creditors. It is unimaginable, but if that were to happen, just think what would happen to the value of the dollar, what the value of the U.S. dollar would be then.

In the world of borrowing China and Japan now play the role of the banks. They are our bankers. They hold 30 percent of our debt and foreign individuals own another, what, roughly 23 percent of our debt. All of this will force the United States at some point to begin to live within its means—at some point. And it could happen suddenly.

Remember not too many years ago when the financial markets just collapsed. The first was in 1987, I remember, and the stock market just went whoosh. Back in the Asian currency crisis not too many years ago things went haywire immediately. The deck of cards totally collapsed. It doesn't take much, and it is usually unforeseeable. It is usually some little event which is not predictable but which happens which triggers this selloff and collapse.

We do not want that to happen, and it will not happen, it is less likely to happen if we today begin constructing a path where we do live within our means. This increase in the national debt today obviously signals just the opposite. There is no plan at this point.

So I say we would be far better if we were to eliminate our annual deficits on our own rather than having foreigners force us to that point. We can take concrete steps to reduce our Federal budget deficits. We can enact tough but reasonable caps in spending, renewed each year, and we can institute a requirement that all new tax cuts and new permanent spending be fully paid for. We can do that if we have the common sense and if we have the moral courage to do so as we are expected to do by the people who elect us. We could do all this without resorting to gimmicks.

This town, this country, this Government has been full of too many gimmicks—the lockbox for Social Security. There are a lot of gimmicks this President has proposed. We have almost reached the end of our string of gimmicks. We have reached the point of reality. We have to do what is right. We can enact a tough requirement that new tax cuts and new permanent spending be fully paid for. That was in place actually, as you recall, from 1990 until the spring of 2003. This requirement helped the budget turn from deficit into surplus. We should restore that. We should restore that quickly.

The second lesson we need to learn is that we should not enact the partial privatization of Social Security. There are a number of important reasons to stay clear of this. For example, these plans would likely cut total retirement income for many beneficiaries, have the effect of cutting income, not increasing it. Even this lowered income would be subject to great risk in the private market. Social Security, it may not pay hugely but it is stable. It is there. You can count on it.

I know a lot of young people say it won't be there. I disagree with that. I say it is going to be there. Why do I say that? I say that because with each passing year there are more and more voters who are seniors. There are more and more people who are age 55 up to 60 who really care about Social Security. I have forgotten the exact date. I saw one estimate that by about the year 2030 half of all voters will be age 60 or over. I do not know if that estimate is true. It was made by a reputable person—I won't mention his name today but it is someone we all know who is quite reputable.

But in addition to that, partial privatization would dramatically increase Federal borrowing. It would increase annual Federal budget deficits and it would increase the Federal debt. This would further lower both our current and our future standard of living. It would also make the U.S. economy even more vulnerable to recession and it could put the U.S. Government in a vulnerable position, even more so in its relationships with foreign governments. These fiscal dangers alone are sufficient reason to reject the partial privatization of Social Security.

Clearly, we should look for new vehicles to increase savings. We should look for more ways to assure that our seniors are more secure in their retirement. We could bolster Social Security. We could find more private savings vehicles. We could help our pension system. But the partial privatization of Social Security will have the effect of lowering the benefits to those currently 50, 60, 62, or 63, unless there is a massive enough additional borrowing by the Federal Government. And that is the low estimate, $1 trillion over 10 years, and the higher estimate is $2 trillion. That is in addition.

I ask from where is that money going to come? Can we really borrow that much more compared to what we have already borrowed? We cannot.

So we need to respond to the debt limit. I started out saying really technically this is an increase in the debt limit, which is required by statute, but more fundamentally the issue being raised today is how much more can this Government go into hock? That is really the question. And how quickly can we get ourselves out of it?

We need to respond to the warning of the debt limit increase. We need to change course. We need to prevent that crash. We still have time. We should heed Paul Volcker's warning of a 75-percent chance of a currency crisis in the United States in 5 years. I think I know what he is talking about. He may not be right, but if Paul Volcker says that, we should listen. We should take his warning very seriously. We should, obviously, act with a sense of urgency and do what we can to avoid that dangerous result. We should change course now. We should wait no longer. With next year's budget, we have an opportunity.

The President, in his submission to Congress this January, February, whenever it is, in working with the Congress, can begin to chart a proper course, begin to chart a course or begin to actually honestly get our Federal budget deficit under control. We have that opportunity. We have that obligation. The time is now. The time is January when the President submits his budget and the next months when the Congress works with the President as we begin to get our Federal fiscal house in order.

We have to change course so American families can hope for a better standard of living in the future, so American workers can have good jobs with good incomes and we have a strong dollar with real value in the international trade. We need to change course to make all that happen so future generations of Americans lead richer lives.

I will end with the statement I mentioned in the beginning. We have a moral obligation to leave this place in as good shape or better than we found it. It is an obligation we have—I assert whether environmental matters, whether Federal budget—to inspire confidence and togetherness in our people. I urge us very much to take the course of action that we well know is correct.

Mr. President, I now yield 10 minutes to the Senator from Wisconsin, Mr. FEINGOLD, who is a real leader in the fight for fiscal responsibility.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I thank the Senator from Montana not only for his leadership in the body but for his words about the fiscal situation our country faces. I particularly thank him for his emphasis on the need to return to those important fiscal budget rules, the pay-go rules that guided us so well for so many years. I hope and trust this will be the first of many times he will address the body about the need to get back to that discipline. I intend to do the same here today. I think very few things are more important to our country than to return to the fiscal discipline we actually accomplished on a bipartisan basis during the 1990s after the very reckless policies of the 1980s.

Today we are again forced to consider legislation to raise the Nation's debt limit. It is obvious to anyone but those who refuse to see that we are here because of the grossly reckless fiscal policies that have been advanced by the administration and Congress over the past 4 years.

The last 4 years have seen a dramatic deterioration in the Government's ability to perform one of its most important and fundamental jobs, and that I do not need to tell the Presiding Officer about because he is a stalwart on this issue; and that is, the balancing of the Nation's fiscal books.

We are all familiar with the history. In January of 2001, the Congressional Budget Office projected that in the 10 years thereafter, the Government would run a unified budget surplus—surplus—of more than $5 trillion. Almost 4 years later, we are staring at almost a mirror image of that estimate—a 10-year, $5 trillion surplus—except that instead of healthy surpluses, under any reasonable set of assumptions, we are now facing immense deficits.

We absolutely cannot afford to continue to run up these massive deficits. Doing so causes the Government to use the surpluses of the Social Security trust fund, and use them for other Government purposes, rather than to pay down the debt and to help our Nation prepare for the coming retirement of the baby-boom generation.

Every dollar we add to the Federal debt is another dollar we are forcing our children to pay back in higher taxes or fewer Government benefits. So today's vote to raise the debt limit basically ratifies the actions taken by the administration and the Congress to stick future generations with an immense credit card bill.

That is what we are doing when the Government, in this generation, chooses to spend on current consumption and to accumulate debt for our children's generation to pay. It does nothing less than rob our children of their own choices. We make our choices to spend on our wants, but we saddle them with the debts they must pay from their tax dollars and their hard work.

Obviously that is not right. This has to stop. We have to rein in the fiscal policies that have forced today's vote. That means making some tough spending cuts. It means putting a stop to the inexcusably reckless tax policies of the past 4 years. And it means putting some meaningful, tough, and sustainable budget enforcement mechanisms in place that return us to what the Senator from Montana was talking about and what I mentioned at the beginning of my remarks.

Earlier this year a bipartisan majority in this body supported just such a mechanism. The amendment I offered during the Senate's consideration of the budget resolution would have reinstated the pay-as-you-go rule for taxes and mandatory spending that served our Nation so well during the 1990s. It was adopted by a bipartisan majority. I salute the Presiding Officer for his courage in siding with me and others across party lines to try to institute—actually reinstitute—those pay-as-you-go rules that we had a pretty good bipartisan consensus about during the 1990s.

I actually believe it would have passed the other body but for some heavyhanded maneuvers by House leadership. Instead, the administration's election year agenda steamrolled over efforts to return some fiscal sanity to our budget process.

I also believe there are many in this body who did not support my amendment but who know, in their heart of hearts, that reinstating the pay-go rule is simply the right thing to do. They know how essential it is to impose some self-restraint on congressional appetites. I suspect we would have gotten an even bigger majority vote if not for the exertion of some of the strong pressure on Members that is more common more often in the other body.

We need a strong budget process. We need to exert fiscal discipline. This Congress failed to do so, and left the Nation worse off for their failure.

When we look at this fiscal mess, it boils down to a lack of restraint and a lack of judgment. Wisconsin families face tough choices about their budgets every day, and they shoulder tough financial burdens. But they do not throw up their hands and keep spending. They have to make the choices that need to be made; and they do it. They do not do it because it is easy. They do it because they have to. They have to; and so do we.

We have to get our house in order, like so many Americans do every day. Reinstating pay-go and adopting some other strong budget reforms should be among the highest priorities of the next Congress. We should return to the rules by which Congress played for the decade of the 1990s. We should eliminate the loopholes carved in the pay-go rule as part of the budget resolution adopted in 2003. Those loopholes only facilitated more damage to the Federal budget bottom line.

Reinstating the pay-go rule by itself will not balance the books. But it will make it harder for this body to make the deficit worse. It does not make it impossible, it just makes it harder, and that is exactly as it should be.

Given our current budget position, we ought to make it harder to make the deficit worse. We ought to require 60 votes if we are to pursue tax policies or new mandatory spending that is not fully paid for. I do not think that is too much to ask. And those rules worked well just a few years back.

We know this debt limit bill is going to pass. It was made necessary by irresponsible budget policies that were pushed by the administration and aided and abetted by Congress. This ought to be the last debt limit bill we ever consider, but unless we change things, it won't be. We have to change things on this pay-go rule and beyond or we will simply be in the same position time and time again.

Mr. President, I thank my colleagues and I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, we all owe a debt of gratitude to the Senator from Wisconsin for his long-time concern about budget deficits. I can think of no one in the Senate who has been a more articulate advocate of getting our house in order.

Mr. President, I yield 5 minutes to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON. Mr. President, I ask unanimous consent to speak as in morning business for the 5 minutes.

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

(The remarks of Mr. JOHNSON are printed in today's RECORD under ''Morning Business.'')

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

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

Mr. BAUCUS. There is not a lot of time left on the debt limit for debate. I urge Senators who want to speak to come over now because, otherwise, I will yield back the remainder of our time.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. I see the Senator from Florida on the floor. I yield 5 minutes to him.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. NELSON of Florida. Mr. President, I thank the distinguished former chairman, now ranking member, of the Finance Committee, my friend, the Senator from Montana, for the time.

I wanted to share with the Senate that, for the third time in as many years, I find myself wondering how in the world can we continue to be in such a fiscal posture that we find ourselves in. We are constantly reminded by the administration how rosy our economic outlook is, and there are some economic indicators that say that. On the other hand, we hear from the Department of the Treasury that if the debt ceiling is not raised, the Government is in danger of defaulting on our loans.

By the way, where are a number of those loans? A huge amount of those loans to the U.S. Government are from the banks of Japan and China, of all places. In the 108th Congress alone, we have had to increase the statutory maximum debt the Government can carry by over $2.2 trillion.

The last time we engaged in this exercise a year or year and a half ago, in May of 2003, we needed the single largest increase to the debt limit in U.S. history. That was almost a trillion dollars—$945 billion. That lasted us only until today. Now the Treasury is explaining that they have resorted to ''extraordinary measures'' just so they can meet their current obligations.

So here we go again. Three times we have done this in 3 years. Let me put it in context. From 1996 to 2001, the debt limit was increased by a total of only $400 billion, in relative terms. Today, we are asking that be doubled in the increase of the debt limit.

There certainly are new expenses we are now facing, such as terrorism and the war in Iraq, which have put a tremendous strain on our budget. But these are not new expenses. We ought to be doing a better job of anticipating those needs and budgeting accordingly and not digging ourselves deeper into debt.

Instead, the huge budget deficits year after year have put us on a reckless fiscal path that will take us decades to undo. And guess who is going to pay off that debt we keep adding to the tune of half a trillion dollars a year. It is going to be our children and our grandchildren who are going to have to pay off that debt.

I keep hearing a lot of folks here who want this to happen. They keep claiming they have a conservative fiscal record, but I think the truth is that the ''tax cuts and spend'' mantra is not fiscally conservative. It is fiscally reckless.

There will undoubtedly be more expenses that we face—emergencies from natural disasters, such as the four hurricanes that hit my State, and the floods in the Midwest. That is part of the reason for having a Federal Government, to respond to those emergencies. There are going to be necessities, such as the imminent retirement of the baby boomers, the unstable situation in trying to stabilize Iraq, and the terrorist threats all across the globe. We cannot continue to ignore those needs on our balance sheet.

Today's debt limit increase is something I have a great problem with simply because of the way of the fiscal policy that has been thrust into the running of our Government. I do not want to see this as an annual exercise.

Mr. President, I yield the floor.

Mr. BAUCUS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I yield to the distinguished Senator from Delaware, Mr. CARPER, such time as he might consume.

Mr. CARPER. Mr. President, I thank my friend from Montana for yielding.

There was a lot of talk before the election about potential October surprises. Perhaps there should have been more talk about potential November surprises, for that is what we are presented with this afternoon.

There was a great deal of rhetoric during the campaign about cutting our Nation's budget deficit in half. There was too little straight talk, however, about the reality that our debt continues to rise.

We have heard a good deal of talk since the election about mandates, voters' mandates and fulfilling campaign promises. If the majority in Congress is seeking a mandate for its economic policies, they would not have withheld the results of those policies until after the election.

As far as campaign promises go, I do not recall anyone promising in this year's campaign that Congress's first act after the election would be to approve an increase in our Nation's indebtedness to more than $8 trillion. That is exactly what Congress is about to do this afternoon before the sun sets in Washington, DC.

As the most profligate Presidential term and the most profligate session of Congress in our Nation's history draw to a close, the bills, meanwhile, are coming due. Bills, like facts, are very stubborn things. No amount of rhetoric can make them go away. While it was inappropriate to hide from the public the true extent of our Nation's growing indebtedness until after the election, it is somehow fitting this vote would come today. There is a symbolism in the fact that one of the last acts of the 108th Congress will be to place this country deeper in hock to our creditors around the world. There is also significance in the fact that this act will be undertaken just a day before the opening of the Clinton Presidential Library in Arkansas.

The opening of the Clinton Library reminds us that when Bill Clinton left office 4 years ago, America had a budget surplus. That surplus was sufficient to secure the future solvency of Social Security and Medicare and to put our country on course to be completely debt-free for the first time in any living person's memory.

That is the legacy of President Clinton. I am sorry to say the legacy of the 108th and the 109th Congresses will be one of undoing in 4 short years the decade of work and sacrifice that went into balancing our Nation's books and strengthening our Nation's finances for the 21st century.

Let me say, credit for the budget surpluses that we were beginning to generate as a country 4 years ago is not entirely due to one President or to one party. But the fact is that he did provide a strong measure of the leadership that helped get us to the place we were just 4 short years ago.

As a result of that rapid unraveling of fiscal restraint, our financial position is far more precarious than it was just 4 years ago. With a large and growing budget deficit, we are stretched thin in our capacity to meet the great challenges that inevitably confront us as a great people. New terms and new Congresses are times for new beginnings—and for those of you who know me, I am an eternal optimist. I have no desire to dwell on the past. I, like most of us, am determined to look forward. My hope is that given the opportunity for a new beginning, we will chart a new course in the new year to come.

In truth, we have no other choice, at least no other good choice. Sustaining a protracted global war on terrorism requires discipline. Keeping the promise of Social Security and Medicare entails responsibility. Ensuring that these challenges do not exhaust our capacity so that we are still in a position to improve our schools and invest in our children and their future demands sacrifice. Discipline, responsibility, sacrifice—these are values that are familiar to families in small towns across Delaware and across America and, frankly, in big towns, too. They are the values by which our families live each and every day, or at least attempt to. Our State and local governments share the values of our people when it comes to handling their people's money because, unlike the Congress, our State and local governments are required to share those values. Our State and local governments are required to live by two simple rules: Live within your means and pay as you go. We used to live by those rules here in Congress, but we have literally let those rules expire.

In hindsight, it is clear that by letting these simple rules expire, and with them the values of discipline, responsibility and sacrifice, we have unleashed a frenzy of spending and borrowing. It is equally clear that this laxity in Congress now threatens America's economic vitality and even our national security.

Personally, I do not believe pundits who say fiscal recklessness is inevitable. Nor do I believe those who say bitter and polarizing partisanship is inevitable. They may be inevitable, but I don't believe it. I am ready to meet in the middle with anyone from the other side who is interested in bringing responsibility and discipline to the Halls of Congress and the part of America outside the Congress that is within this beltway. I am interested in working with any and all of my colleagues who want to work to reform and to improve the budget process in a way by going back to the future, going back to some of those values and some of the practices that got us to a place where we had a balanced budget, including the notion that if a Senator wants to increase spending, he has to come up with an offset—lower spending someplace or to raise revenues someplace.

If we want to cut the revenues from the Treasury, we have to come up with an offset. Either raise revenues someplace else or cut spending to offset the loss to our Treasury from our tax cuts. Surely we can find a common cause and make sure the decisions we make in Congress truly represent the values by which those we represent live their lives. We can do this. We should begin by restoring the old rules that require us to live within our means and, as I said earlier, pay as we go.

If we do that, perhaps we can save ourselves the embarrassment we feel today. Perhaps we can save ourselves from standing once again on the precipice of adding another billion, another hundred billion, or another trillion dollars to the debt we are loading on the backs of our children and on future generations of Americans.

Sitting here before me today are young people. They are pages. They come here to this Capitol when they are juniors in high school. They are the same as our oldest son. Someday somebody is going to have to pay for the debt we, the Congress, are accumulating at the request of the administration, the debt load whose ceiling we will raise later today. We do not just print money when we run deficits around here, we borrow money. We don't just borrow money from people who buy savings bonds, we don't just borrow money from people who buy Treasury securities, notes and bonds, we borrow money from people all over the world.

We have become a huge debtor to some unlikely nations: China, Japan, South Korea, and a number of others. I am not talking about deficits of a couple of billion dollars or even tens of billions of dollars, but hundreds of billions of dollars. They expect to be paid interest on that debt. We have to pay interest on that debt or default. Eventually they are going to want to be repaid the principal of the money they have loaned to us.

My friends, if we are not careful, we are going to reach a tipping point where the amount of our indebtedness becomes so great, so significant, so alarming to other nations around the world they are going to be reluctant to loan us more money unless we show some ability to better manage our finances.

When they see the threat to our ability to repay our debt go up and we become a riskier investment, those other countries around the world are going to ask us, if we want to be able to get credit, to pay more interest on our debt and to raise the interest rates. If we don't want to do that, we are not going to be able to roll over—renew—our debt.

On the other hand, if we pay the higher interest rates which we are going to be inevitably faced with, that has a dampening effect on our economic recovery.

Someday these young pages, along with my children and their generation, are going to have to repay these debts. It is not fair to them.

I will close with this. Does anybody in the Chamber have an idea of what the interest payment on our national debt is today? About $1 billion. Just 1 day—not 1 week, 1 month—just 1 day. It is not principal, it is just interest. And we have to pay it today, tomorrow, and the day after that. In raising our debt ceiling today, that $1 billion interest payment is not going to go down, it is going to go up.

We can do better than this. Beginning in January we have to. With that having been said, I yield my time and thank my colleague from Montana for yielding to me.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the distinguished Senator from New Jersey.

Mr. LAUTENBERG. I thank the Senator. I thank the Senator from Montana for the opportunity to use a few minutes to describe what I see as the latest in a series that is rather discouraging for America. It is fair to say, using that expression that has been coined around the country over a number of years: Mr. President, there we go again. For the third time in 3 years, President Bush has gone over the limit on our Nation's credit card. So now the President is asking Congress to raise his limit. That is often an expression used at gaming tables in Las Vegas and Atlantic City and other casino establishments. I don't know whether that is what we have here. Is this a casino where we are willing to bet table stakes, everything that we have, because we are out of control?

I want to say to President Bush that this solution may work for you, but everyday Americans don't have the luxury of simply saying: You know what, give me a little more credit so I can continue to deal with this so irresponsibly. Banks simply will not agree to increase people's credit limits when they rack up dollars and debt on their card. That is what President Bush is asking members to do today. We are the bank's chief lending officers and he wants us to raise his credit limit.

Simply put, what we are seeing in this administration is credit card economics. It is totally irresponsible and among the most reckless administrations in the history of this country with their fiscal management.

Why are we in this mess? Because President Bush and the Republican majority in the Congress decided they wanted to give the wealthiest in America a big tax cut. A portion of the President's tax cut goes to people like myself who are in the highest percentage of wage earners.

I had a successful business career. I was lucky I did what I did in the computer industry many years ago when America presented all kinds of opportunities for me to work and create something of lasting value.

The top 1 percent of the wage earners are receiving this tax cut that equals $100 billion every single year. That is almost a third of the total cost of operating. The worst part about this mountain of debt we are being asked to authorize is it is going to be on the backs of our children and grandchildren. Who among us would say, I want to live high on the hog, so here, kids, here grandchildren, you pay the bill while we go ahead on this spending kick?

President Bush simply wants to leave this debt burden to future generations. I don't want to do it.

If colleagues vote to raise this debt limit, they are voting to saddle every child in this country with an immediate debt burden of $27,764.

I look at the wonderful young people we have, known as pages, who get a taste of government from their experience here, spending a term in their high school years. Each page will owe $27,000 as a result of what we are doing here today. It raises the debt limit above $8 trillion for the first time ever in our history.

It is sometimes hard to get a grasp on numbers like that, so let me try to put that in perspective. I cannot imagine what $8 trillion is like. We are not talking about stacks of $1 bills. It is two-thirds of the value of the entire New York Stock Exchange. That is how much we are in debt. If we want to pay it off right now, we have to hand over two-thirds of our stock market. It is irresponsible. It is impossible to comprehend.

The deficit is a real problem that affects our lives and our Nation's economy. When President Bush took over and got a resounding endorsement from people across the country for his second term, we were in a position of surplus. I was on the Budget Committee. I was fairly senior on the Budget Committee on the Democratic side. We struggled and we pushed and President Clinton encouraged us and he twisted arms of both parties—not just the Democrats, but the Republicans—and we got a balanced budget in place. We had over $200 billion in surplus in the year 2002.

Now we are looking at a debt just for this year that could be somewhere in the $600 billion range; $488 billion. But including the cost for the extra borrowing, it will be somewhere around $600 billion in debt. When President Bush took over we had an almost $300 billion surplus. That is quite a change.

Tomorrow, there is an official dedication ceremony for the Clinton Presidential Center. What a difference between the economic policies of those days and current times. President Clinton understood the importance of fiscal discipline. Right now, there is no concept of it whatever. What we have now is a deficit attention disorder. We look at this credit card and we see what has been asked: Through November of 2004, $7.384 trillion.

I was the ranking member of the Senate Budget Committee in 1997 when we negotiated the historic Balanced Budget Act that produced surpluses for the first time in three decades. What we were looking for was a $5 to $7 trillion surplus in 10 years.

There is no fiscal discipline. We are running the biggest deficit in history. Because of the 1997 balanced budget agreement, the surpluses it produced, we were able to pay down $600 billion in debt. We were on a path to pay off public debt by the year 2008. Now, because of the reckless tax cuts that President Bush and the Republican controlled Congress have pushed through, instead of being debt free, we are going to be at least $10 trillion in debt by 2008. No one on the other side can seriously argue that we will be better off $10 trillion in debt.

The Republican plan is to borrow and spend, saddle future generations with the responsibility for paying the bills. That is a terrible abuse of the financial future of our country. I don't think responsibility of our children should be just a Democrat or Republican value. It should be an American value. We cannot abandon it.

We all know in our homes and families, if we spend more than we take in, if we spend more than our salaries, we have to be able to borrow to keep our families afloat. That is what the United States of America is doing right now, borrowing to keep us afloat, putting us ever deeper in debt, and transferring that obligation from ourselves to future generations. My children, my grandchildren, and other people's children and grandchildren will have to shoulder part of that.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, elections obviously are an extraordinary opportunity to listen to the American people, to learn, to debate, and to test ourselves and our ideas. This election was no different. It was an honor to live out a great debate in our country in which we talked about the kind of nation we want to live in and what our responsibilities are to each other and, of course, to future generations.

Whatever lessons you learn about a campaign—and there were many—at the core, obviously, are issues. Those issues did not go away on November 3 no matter the results.

We are here in the Congress with fundamental responsibilities to continue the fight for those things Americans care about and that matter to the long-term health and welfare of our Nation. I intend to continue to fight on those issues as hard as I did in crisscrossing this great country of ours.

At the heart of every issue I heard about from Oregon to Florida, Iowa to Ohio, and every State in between, whether it was affordable health care or good jobs or taxes or energy independence or America's role in the world and her respect, above all, Americans continually expressed their understanding that our ability to meet all of those needs rises and falls with our economy, with the strength of our economy, the quality of the jobs that we create in America, the kind of investments we make in the lives of our children, and the quality of the jobs of the future. All of those choices ride on the fiscal choices we make as a government.

Those are lessons we have learned the hard way over the course of the last century or more. That is why I believe, as do others who have spoken in this Chamber during the course of the day, we need to deal candidly and immediately with some sense of urgency with the debt and the debt limit of the United States. We have a fundamental responsibility to restore fiscal responsibility rather than merely voting again to raise the debt limit as if there is an endless credit card at the expense of the American people.

Americans struggle to balance their budget. I heard about those struggles all across this country, people who can barely afford to pay their bills, people who have seen their health care go up 64 percent, their tuition go up 35 percent, gasoline prices go up, cost of purchasing drugs go up, and their wages are down. The American people are struggling to be able to pay their bills. Congress is not exhibiting the similar kind of struggle or even effort. The American people sit down at their kitchen tables and they try to play by the rules every single day. Congress seems ready to write new rules whenever it wants. We used to understand the responsibility to future generations. In the 1980s, Washington dug an enormous hole, a deficit hole, and it became apparent to all on Wall Street and all of the corridors of fiscal responsibility and power in America that we needed to make a better set of choices. So we made tough choices in the 1990s to dig ourselves out of that hole. And now here we are again, in 2004, back again with a new hole, deeper, with more grave consequences than at any time in American history. Neither Congress nor the administration has been willing to face up to that reality, even as the consequences grow and stare us in the face.

Let me put that in perspective. In less than 4 years, a 10-year $5.6 billion budget surplus was turned into a $2.4 trillion debt. That is the worst fiscal turnaround in our Nation's entire history. Since raising the debt limit last year, the Government has run up more debt than all of the Presidents from George Washington through Ronald Reagan. In fact, almost three-quarters of the entire debt of the United States of America in our 228-year history has been run up during the course of the last three Republican administrations. Taxpayers have been left with a record deficit in both of the past 2 years, up to a record $413 billion for 2004. According to the Congressional Budget Office, we are going to run $300 billion deficits every single year for the next decade, and that is without including one of the President's new proposals made in the course of the last year of the campaign. So the United States is operating a borrow-and-spend Government, continuously stretched by demands for more tax cuts and by more spending. When there is not enough money to pay for those choices, which are voluntary choices, they simply go into debt and put the tab on the national credit card and they send the bill to our kids. It is an economic policy of borrow and spend, and it simply cannot be sustained. After the new debt limit passes this week, and it will, the administration will have added $2.1 trillion to the debt limit in less than 4 years. That amounts to more than $7,200 for every man, woman, and child in the United States, and all of that money must eventually be paid back, or at least partially paid back in significant amounts with interest.

The interest payments alone are staggering and depriving us of choices that we ought to be making for long-term investment in our country itself. The Government may spend it today, but Americans ultimately will pay the bill. That means a child born today is going to enter the world owing more than $17,000 when our last and expected debt is totaled up. As everybody knows, our children grow up with a set of expectations about their future that are now impacted extraordinarily by the choices we are making on their behalf, and whether it is a choice to buy a car or home or save for their own families or save for college, all of those are going to be impacted negatively by the unwillingness of Congress to be responsible at that moment. Their ability to save will be eaten away by their share of what this Government is going to have already spent in debt. This could be called a birth tax, a birth tax that is dumped on the back of every American child unwillingly.

I think, and I think most persons believe, to saddle our children with this debt is wrong. As Republican Pete Peterson said, the ultimate test of a moral society is the kind of world it leaves to its children. And I think about that concept as we are about to slip our own kids and grandkids a check for our free lunch. I say we are failing the moral test. That is Republican Pete Peterson speaking.

And it is not just the mountain of debt that is the problem. It is also where the money comes from. To pay our bills, America now goes cup in hand to nations such as China, Korea, Taiwan, and the Caribbean banking centers. China now holds $172 billion of our Nation's debt. Korea holds $63 billion, Taiwan holds $56 billion, and the Caribbean banking centers hold more than $191 billion. Since 2001 alone, the share of U.S. Treasury debt held by foreigners has risen to 42 percent from 30 percent. It is increasingly dangerous for so much of our Government and our standard of living to be dependent on foreign capital. If foreign investors were to suddenly decide to stop financing our borrowing habits or to see weakness in the American economy, it could have a spiraling impact on our own economy, international currency markets would be shaken, and our economy would quickly follow. If those investors began to withdraw their capital, our financial markets would plummet and interest rates would climb. That will make everything American families need, from a home, to a car, to appliances, to education, all of it, more expensive. It will make it harder for businesses, and especially small businesses, to raise capital and invest in jobs and economic growth.

What is more, with so much of our debt owned by other nations, U.S. diplomatic and trade negotiators face increased difficulty in making demands of major creditor nations. How do you go to a country that holds so much of your debt while your economy is closely linked to theirs and start to make the powerful argument about nuclear proliferation or human rights, democratization, and other issues that are of importance and great consequence to our country?

It is only a matter of time before America learns the hard way that debt is more than a financial liability, it weakens America's security, and it weakens our diplomacy and our trade. Our budget mismanagement, the negligence of borrow-and-spend policies, leaves us vulnerable to the priorities of foreign creditors. And that is unhealthy and irresponsible.

So what do we do about that? Well, we can argue over the cause of the problem, of what made this borrow-and-spend institutionalized approach the reality it is today. But I think it is more important for us now to try to find a solution; that is, to work to find economic policies that are going to create opportunity and demand responsibility.

When I first came to the Senate in 1985, the Federal deficit was soaring, out of control, just like it is today. And in the 1980s, the National Debt Clock in New York City became a symbol for a Federal deficit and a debt that were out of control. Back then, many Democrats thought we could continue to spend and to spend without having to pay the bill. And back then most Republicans claimed that if you gave huge tax cuts to the wealthy, they were somehow going to pay for themselves.

At the same time, we were lucky to have leadership from a group of reformers on both sides of the aisle, people such as Republican Senators Warren Rudman and Phil Gramm, and Senator FRITZ HOLLINGS on the Democratic side. They pushed for a deficit reduction plan that had real teeth in it. They continued that fight until it was finally won.

The choice was tough. Fiscal sanity was won by exactly one vote in both Houses of Congress. But finally, in 1997, we finished the job by passing a historic bipartisan balanced budget agreement. It not only balanced the budget for the first time since 1969, but it extended the life of Medicare, it expanded health care for children, and it cut taxes for middle class Americans.

Four years ago, the numbers on the National Debt Clock were spinning backwards. Today, in New York, the National Debt Clock has now been turned back on, and the numbers are rising faster than you and I can follow. As Senator HOLLINGS retires from the Senate, I think we need more of that kind of effort that was offered in the 1980s and 1990s in order to find the common ground that he and Senator Rudman brought to this debate almost 20 years ago. It is time again to follow that example.

There are a lot of ideas out there. We can end tax cuts that do not create jobs but do create enormous debt. We can find incremental savings by streamlining Government itself. We can reduce or eliminate programs that we simply cannot afford. We could establish a commission to independently evaluate and eliminate corporate subsidies. But more important than any individual proposal is that the White House and Congress make a fundamental commitment to end this policy of borrow-and-spend economics.

We need to make economic opportunity and fiscal responsibility a common goal. And we have to live by some rules, rules such as a budget that requires us to pay for what we spend, rules that give the debt limit meaning. Today the debt limit is fanciful. It is just a number on a piece of paper, and Congress raises it any time it wishes. It is no limit at all. I believe we can do these other things. We could make these other choices if we set clear national priorities, if we make the tough decisions, not just about the programs of others but about our own proposals.

We have to do this because it is critical to any credible economic plan and to the creation of new, good-paying jobs. An America that ignores our national debt and the deficit will be an America that invites inflation and recession. An America that pays for new initiatives and follows real budget rules will be an America that creates a new era of prosperity and opportunity for all Americans. We know how to do this. We did it in the 1990s. Now it is time to return our Government to that fiscal responsibility and to invest in the future and to create new jobs in America that pay more than the jobs we are losing overseas, and to raise the standard of living for American workers.

I will not vote for a borrow-and-spend economic policy when there are better alternatives.

Over the last year, in the cities and towns that I was privileged to travel in all across our Nation, I have been reminded again and again of the hopes of the American people and of families that play by the rules and do what is right for their kids and try to do what is right for aging parents and for a Social Security system and a Medicare system that are under increasing pressure and strain.

Those Americans are faced with tough choices every day. They expect us, similarly, to make tough choices. I think Washington ought to live by the same rules they do. None of these choices are about numbers and about dollars and statistics alone. They are really about the responsibility we have as one generation to another and, most importantly, the responsibility we have vested in us as Members of the Congress and the need to try to work together and find the unity, as we did in the 1990s, to come up with a solution that acts in the interests of Americans and that does not avoid that fundamental responsibility.

Mr. President, I ask unanimous consent that we reserve whatever time there is for the leadership. I do not know if the Senator from Michigan wants to speak now.

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

Mr. KERRY. I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, I ask unanimous consent that I be allowed to proceed for up to 15 minutes from the time under the control of the Democratic manager.

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

Ms. STABENOW. Thank you very much.

Mr. President, I rise to join my colleagues and I appreciate the eloquence of the Senator from Massachusetts in speaking about the serious challenges that face our country. And I rise today to oppose the legislation in front of us that would raise the debt limit.

This bill will enable this Congress to incur the largest national debt in the history of our country. I remember in 1997 coming to the U.S. House of Representatives. I was in my first term, and I had the opportunity, within 6 months of being elected, to vote on balancing the budget for the first time in 30 years. That was one of my proudest votes as a Member of the House and remains one of my proudest votes as a Member of Congress.

When it comes to fiscal irresponsibility, though, at this time, this administration has broken all records and turned the clock back from that historic moment in 1997 when we balanced the budget for the first time in 30 years. They have rolled back the clock now to a huge fiscal mess with redtape and red ink as far as the eye can see.

Despite inheriting the largest 10-year surplus in the history of our country, this administration turned a $5.6 trillion surplus into a $3.5 trillion deficit. That is a lot of money. This $9.1 trillion turnaround is the largest we have ever seen. It is absolutely historic and extremely disturbing to all of us.

Also, in fiscal year 2004, this administration was responsible for the largest deficit in the history of the country—$413 billion, the largest deficit in the history of the country.

To make matters worse, the President is proposing even more debt over the next 10 years. So we have in front of us an effort to raise the debt ceiling instead of efforts to, in fact, lower the debt. And there are proposals on the horizon that will increase the debt even more. Proposals to make tax breaks for the privileged few permanent will add approximately $1.2 trillion more to the debt.

The administration's Social Security privatization scheme would cost somewhere between $1 trillion and $2 trillion more.

We need to take heed and the administration needs to take heed of the old saying that when you are in a hole, the first thing you need to do to get out of it is to stop digging.

We are in the middle of a war in Afghanistan and in Iraq. We must provide our troops with whatever they need. Unfortunately, every time Congress has considered proposals to pay for these war costs, the leadership and the administration has pulled out all the stops to defeat them, preferring not to budget for the war, still incurring the costs; and we have the resulting deficit, rather than planning and budgeting to make sure our troops have what they need.

Congress now has no budget discipline requirement. There has been a bipartisan proposal pending in Congress, which I support, to enact the pay-as-you-go system of budget discipline. This passed earlier this year as an amendment to the Senate budget resolution. It was dropped then in conference committee and, as a result, this Congress never passed a final budget resolution. Therefore, Congress can go on cutting revenue, having spending increases that are not budgeted, with no discipline whatsoever.

These massive deficits are pushing interest rates higher. This means that

American families will have to pay more for mortgage payments and car payments and student loans. Talk about a hidden tax. Every time we see increases in interest rates, we are taking more money out of the pockets of our middle-income taxpayers, working families, those who are trying to have the American dream, to have a home for their families, send kids to college, buy a new automobile, and pay for other costs that involve borrowing. Those interest rates are a direct tax on our families, and particularly hit hard are those in middle America.

If we don't have the fiscal discipline to be able to bring this deficit down and bring this budget back into balance, as we did in 1997, we will continue to see the hidden tax of interest rates hitting our families and our businesses.

Worst of all, fiscal recklessness means that, as adults, our children will be hit with the needed tax increase to pay our bills. In fact, every child born in America today effectively has over a $20,000 bill handed to them to pay for the country's national debt. Our national debt really ought to be called a birth tax on our children and grandchildren.

These large deficits are bad for our economy and they do not represent real American values. American families know they need to pay their bills. We need to pay our bills. We all do. We sit down with our families to figure out how to pay the bills. They cannot pass an increase in their own personal debt limit every time they want to spend more, which is what the Senate is doing today.

Families have to live within a budget. They must make tough choices every month. They often must decide between things such as new school clothes for the children, saving for a college education, or buying the medicine they desperately need for their families. Parents are responsible for their household budgets. They pay mortgages and tuition either by working another job or doing without something. In other words, families must borrow responsibly, live within their means. In other words, they must play by the rules. We should be doing the same.

Unfortunately, the Republican majority does not think the Congress should have to play by the same rules as families. This is dead wrong. I believe it is hypocritical for us to talk about families needing to make tough choices in balancing their budgets if we are not willing to balance our own.

An increasing national debt also violates one of our most important values—that we want our children to be better off than we were. We want to leave them a better country than we inherited. Parents all over America care about this and do this every day. They work hard to pay for their children's college so they can be successful, to build a business so they can pass it on to their children; they build a little nest egg so that when they pass on, their children will get a small inheritance to help raise their own children and be able to have the American dream.

These are true American values. They are our responsibility, playing by the rules, thinking about others other than yourself.

Instead of making life better for our children, we are doing just the opposite by focusing on raising the debt limit rather than paying down the debt. We are leaving them a country that is worse off financially, and we are saddling them with a debt that will have consequences for them throughout their lifetimes. Again, they will have to pay our bills. That is not the way it should be in the greatest country in the world.

Our President talks about an ownership society, where Americans are financially independent and responsible. We need this same principle applied to this administration's fiscal policies.

Unfortunately, what the President's ownership society really means is that our children will own all of the national debt. This is immoral, I believe. I believe it does not reflect our values as Americans. I urge my colleagues to oppose this legislation. You know, it is kind of like a ''get out of jail free'' card for a fiscally irresponsible situation here, led by our colleagues on the other side of the aisle and this administration.

I believe we need to stay and take whatever time it takes in order to make the tough decisions to deal with the budget and spending priorities. We need to focus on the real values and real priorities of the people we represent, the families who are out there trying to balance their budgets and make ends meet and provide for their families every single day. They are making tough choices. They are making even tougher choices because of the decisions that are made here. I believe that continuing a situation that will only raise interest rates on families and on businesses, which is really a tax, is not what we ought to be doing in the Senate.

I yield the floor.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mrs. CLINTON. Mr. President, last year, I stood with several of my colleagues in the Senate and voiced concerns that the effort to increase the debt limit by nearly $1 trillion was the wrong fiscal course to take this Nation. Indeed, I did not oppose the debt limit increase because of any ideological opposition to doing so. In fact, during my husband's administration, we raised the debt limit permanently on two separate occasions.

But what was different then was that we had a solid plan to balance the budget, and thereby begin paying down our Nation's debt. That plan worked. We had the largest budget surpluses in the history of this Nation and we retired nearly half a trillion dollars of our Nation's debt while creating jobs, growing our economy and lifting millions of Americans out of poverty.

With the current administration's agenda, there is no plan for restraint or moderation, nor is there any solid framework for paying down our Nation's debt. During these next four years, we know we will be making a huge investment for the war in Iraq and Afghanistan and we know that we will continue to make significant and increased investments in homeland security, education and health care. Faced with these growing budgetary pressures, I am amazed that the same passion used to champion and implement this administration's agenda over the last four years has been entirely muted when it comes to fiscal restraint or responsible choices to balance the budget or pay down our national debt.

This certainly wasn't the case during the 90's when, even though we were making solid progress in reducing the deficit and the national debt, we were warned that our national debt would ''threaten future generations, threaten the future of our children, threaten our Social Security system and threaten our ability to lead the way in the global economy of the 21st century.''

Last year, when I opposed the last debt limit increase, I said that absent any plan from this administration to address the growing deficit and exploding debt, we would be here again. Here we are one year later, about to pass the third increase in 4 years, having permanently increased the debt ceiling by over $2.2 trillion or $8,100 for every man, woman and child in the United States. However nothing from the administration in terms of a plan to reduce the debt or making responsible choices has changed. Indeed, the only thing that has changed since the last debt increase is that our budget deficit has deteriorated by $50 billion.

Given the reckless fiscal course taken over the last several years, and little evidence to indicate a shift from that course, I cannot, in good conscience support another step that passes along the burdens of this generation to the next because of our failure to address these problems today. Raising this debt limit while embracing policies that further exacerbate the deficit is in essence a ''children's tax,'' a burden borne not by this administration or this Congress, but by our sons, our daughters, and our grandchildren.•

Mr. GRASSLEY. Mr. President, I rise in support of S. 2986, a bill to increase the Federal debt limit.

I support this increase because it is necessary to preserve the full faith and credit of the U.S. Government.

Without an increase in the debt limit, our Government will face a choice between breaking the law by exceeding the statutory debt limit, or breaking faith with the public by defaulting on our debt. Neither choice is acceptable.

To understand why we are here today seeking to increase the debt limit, it is necessary to explain a few things about the Federal debt.

Under current law, there is a statutory limit on the amount of debt that can be issued by the Federal Government. This limit which now stands at $7.384 trillion applies to virtually all of the debt issued by the U.S. Government.

There is only one debt limit, but there are two types of debt—debt held by the public and debt held by the various Government trust funds.

The amount of Federal debt held by the public is determined by the Government's annual cash-flow. When total spending exceeds total taxes, the Government has a budget deficit.

To finance this deficit, the Government borrows from the public by selling debt, such as Treasury bills, notes, and bonds.

We will hear a lot of criticism that President Bush's tax cuts are responsible for our rising public debt. But the facts show otherwise.

When President Bush took office in 2001, the Federal debt limit was $5.95 trillion.

The debt limit was increased to $6.4 trillion in 2002 and to $7.384 trillion in 2003.

Assuming we increase the debt limit again today, it will be $8.184 trillion.

Thus, the Federal debt limit will have increased $2.234 trillion since President Bush took office in 2001.

However, the tax cuts that have been enacted since 2001 total less than $700 billion through the end of the most recent fiscal year, and that includes the interest cost as well.

Thus, the President's tax cuts account for less than 30 percent of the increase in the Federal debt limit.

The rest of the increase in public debt is due to the recession, the war in Iraq, and homeland security.

In addition to the debt held by the public, the Federal debt limit also applies to the debt held by various Government trust funds—such as Social Security and Medicare.

Whenever a trust fund program collects more than it spends, the surplus is invested in special issue Treasury securities. These special securities count toward the debt limit.

However, it is important to understand the amount of debt held by the trust funds does not reflect the Government's unfunded obligations.

For example, the Treasury Department reports that the total amount of Federal debt held by all of the trust fund programs is just over $3 trillion.

However, the Social Security and Medicare trustees report that the unfunded obligation of Social Security and Medicare is more than $72 trillion.

Given these facts, it should be obvious to everyone that the Federal debt limit provides a misleading and inaccurate picture of the Government's future liabilities.

Efforts to use the statutory debt limit to control Government debt and deficits cannot succeed because it ignores the long-term budget problem.

Indeed, even Federal Reserve Chairman Alan Greenspan has suggested the debt limit has outlived its usefulness and should be replaced with a more accurate and useful alternative.

I would welcome the opportunity to work with my colleagues to develop such an alternative.

However, pending the outcome of such an effort, I would strongly urge every Senator to support this bill.

Testimony of Chairman Alan Greenspan in the Federal Reserve Board's semiannual monetary policy report to the Congress before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, February 11, 2003:

> In the Congress's review of the mechanisms governing the budget process, you may want to reconsider whether the statutory limit on the public debt is a useful device. As a matter of arithmetic, the debt ceiling is either redundant or inconsistent with the paths of revenues and outlays you specify when you legislate a budget.

Mrs. FEINSTEIN. Mr. President, I cannot in good conscience support this request to raise the national debt limit to $8.1 trillion. Rather than raising the debt limit by $800 billion, we should be taking concrete steps to lower our budget deficit and reduce our national debt.

If today's increase is adopted, President Bush will have raised the Nation's debt limit by more than $2 trillion. In other words, just 4 years into the job he has raised the debt limit more than any President in U.S. history.

The Federal budget deficit reached a record $422 billion for fiscal year 2004, according to the latest estimate by the Congressional Budget Office.

Over the next 10 years the President's budget will create $2.3 trillion in additional debt for our Nation. This is a stunning turnaround from 4 years ago, when the budget showed: a $127 billion budget surplus, and a projected 10-year surplus of $5.7 trillion.

This is a mind-numbing $8.0 trillion turnaround in just 4 years.

Given these numbers, it is not surprising that the debt limit has been raised twice in the past 2 years—by $450 billion in 2002 and by $984 billion in 2003.

At the same time he is raising the debt limit, President Bush is promising to ''cut the deficit in half over the next five years.'' But his numbers don't add up and he has provided no clear path to achieve this goal.

In contrast, in 1998, following nearly 30 years of deficits and a 17-fold increase in Federal debt from $365.8 billion to $6.4 trillion, we paid off $448 billion of the Nation's publicly held debt.

For the first time in more than a generation, some of the funds which would have gone to pay interest on the debt were instead spent actually paying down the debt.

I see no similar path being offered by President Bush and now deficits and interest costs are growing once again. Net interest payments on the Federal debt will increase sharply, from $159 billion in 2004 to nearly $350 billion by 2014.

Not surprisingly, when this Nation runs a budget deficit, the government must borrow money from other sources to balance its books.

What would surprise many, however, is that we largely borrow this money from foreign countries—like China and South Korea. And the degree to which this administration has borrowed from foreign nations is shocking.

Over the past 4 years, the U.S. has increased its borrowing from Japan to the tune of $700 billion; by $167 billion from China, $130 billion from Great Britain, and $60 billion from South Korea.

When President Bush came to office we owed $1 trillion to foreign countries. We now owe more than $1.8 trillion. We are ceding control of our Nation's destiny for a quick payoff to wealthy taxpayers and this debt limit increase bill simply enables that disturbing behavior.

The Committee for Economic Development, an independent, nonpartisan organization of 250 business and education leaders, estimates that if we stay on our current course, the deficit will rise from 3.5 percent of GDP today to: 6.2 percent of GDP in 2020, and 21.1 percent of GDP in 2040.

Deficit growth of this nature would absolutely crush any hope this Nation has of addressing so many of our pressing problems, like better homeland security, shoring up Social Security, and fully funding No Child Left Behind. Deficits do matter, and unless we face up to them, they could seriously harm our Nation's economy. Here is why first, deficits mean increased spending on interest instead of priorities.

In the short term, deficits can help stimulate the economy or pay for emergency spending. But in the long term, they limit our Nation's ability to fund much needed priorities. This means less money for education, less money for environmental protection, and less money for health care.

Second, deficits lead to interest rate increases. We have been fortunate in recent years: interest rates and inflation have remained low. But as we have seen in the past few months, as the economy picks up, the downward pressure on interest rates are being relieved and the impact of deficits are starting to be felt. This is adding huge expenses to variable home mortgages and auto loans.

An increase of just 1 percent adds $2,000 per year to the cost of a $200,000 home mortgage. This is more than the majority of American taxpayers received from the President's latest tax cut.

Third, deficits prevent us from addressing the looming Social Security and Medicare crises. This is an issue that we can not continue to avoid. The retirement of the baby boomers will place a tremendous strain on our social safety net. In fact, if we do not address the problem, the Medicare trust fund will go broke by the year 2019, and the Social Security trust fund by 2052.

Our Nation was poised to deal with these crises at the end of the Clinton administration.

Not only have we failed to shore up the Social Security and Medicare trust funds, but we are also tapping the Social Security trust fund to pay our bills—to the tune of $164 billion last year alone.

So what do we do? One possibility is to simply continue along our current path and pass our problems on to our children and grandchildren. In fact, the debt limit increase that we are debating today enables the President to borrow from future generations and sends the message that we are unable to muster the political will necessary to pay today's obligations today.

So I strongly believe that the time has come to chart a different course, and make the tough choices that the President and this budget resolution avoid making.

We must adopt a balanced approach to both taxes and spending and return to a program of fiscal sanity.

This is what we did when I first came to the Senate over a decade ago. At that time, a small, bipartisan group of Senators came together to get our fiscal house in order: Democrats worked to bring spending under control; and Republicans pledged not to push for additional tax cuts.

Today, we must come together again to address the deficit and restore our Nation's economic security.

On taxes, I believe that we must move to make our Tax Code more equitable, not make the President's tax cuts permanent. To make the President's cuts permanent at a time when the Nation is running historically high budget deficits represents the height of fiscal irresponsibility.

The Tax Policy Institute estimates the cost of making these tax cuts permanent would cost $1.8 trillion over 10 years—$1.8 trillion at just the time that baby boomers will start retiring and Social Security and Medicare need to be stabilized.

The tragedy of our current circumstance is that, given the surpluses he inherited, President Bush should have the resources available to devote additional spending to healthcare, education, and the environment. But the wrong policies, at the wrong time, combined with the war on terror, escalating the 2001 tax cuts, and then extending many of them, have contributed toward the largest budget deficit and largest national debt in the country's history. And now, the fact of the matter is that we are going to need to tighten our belts and bring spending under control.

I have no problem holding the line on spending, but believe that it must be done in the context of a more responsible approach to tax policy.

Finally, we need to take a good, hard look at Social Security and Medicare, and start addressing some of the deeper structural problems with these programs now—before they fall into crisis.

These are not easy answers. But holding off on additional tax cuts, bringing spending under control, and dealing with Social Security and Medicare is the only path to long term fiscal order, a balanced budget, and a healthy and vibrant economy.

Mr. KENNEDY. Mr. President, the fact that we are being asked to raise the debt ceiling to $8.0 trillion is further proof of the nation's bankrupt economic policy. It will be the third increase in the last 2 years, collectively raising the debt limit by more than $2.2 trillion. There is still no credible plan in place to bring the mushrooming deficits under control.

President Bush's massive tax cuts for the wealthy have helped to turn the record surpluses he inherited into record deficits. The $5 trillion surplus projected 4 years ago has turned into a $3 trillion projected deficit. If we continue to follow the administration's misguided economic course, the federal debt could rise to more than $14 trillion in the next 10 years, and there will be large annual deficits as far as the eye can see.

Over the long term, deficits that large will cripple the ability of the private sector to obtain the capital needed for companies to grow and create new jobs. They will also cripple the federal government's ability to make the needed investments in education, health care, and scientific research which are crucial to the nation's long-term wellbeing.

These projected deficits do not even tell the whole story because they do not focus on borrowing from Social Security. The proposed Bush budget would raid the Social Security Trust Fund for nearly $2.5 trillion over the next 10 years. These are dollars which workers pay each year in payroll taxes to finance their retirement. It is wrong to take that money out of Social Security and use it to finance the daily operations of government. In essence, Social Security is being used to fill a piece of the huge revenue gap left by the administration's excessive and unaffordable tax cuts.

Mortgaging the future in this irresponsible manner has not even brought American families a temporary prosperity. On the contrary, it has increased the financial burden on them. Their jobs are less secure. In fact, 2.5 million manufacturing workers have already seen their jobs disappear over the last 4 years.

The cost of health insurance has soared more than 50 percent; and, as a result, 5 million fewer workers receive health coverage.

Tuition at public colleges has risen by 28 percent, pushing higher education beyond the reach of more and more students.

Workers wages have grown at the slowest rate in more than 2 decades, and minimum wage workers have not had any increase at all in 7 long years.

As a result of the disastrous economic policies of this administration, 4.3 million more Americans are living in poverty, and the household debt of the average family has increased by one-third.

What is the Bush administration's response? How does the President propose to remedy these very serious problems? More tax breaks for the same wealthy people who were the primary beneficiaries of his earlier cuts; transferring a larger share of the tax burden from those who live off their accumulated wealth to those who live from paycheck to paycheck. If the tax proposals in the President's budget are enacted into law, they would add more than $2.0 trillion more in debt over the next 10 years.

American families cannot afford more of the same. The financial squeeze is getting steadily tighter. Working men and women are the ones paying the price for Washington's economic mistakes.

Hopefully, in the new Congress, we will start to seriously address these critical issues with members from both sides of the aisle and the administration working together to get our economic ship of state on a better course before it hits the rocks.

Mr. SARBANES. Mr. President, I am deeply troubled by the pending legislation, which would raise the federal debt limit by $800 billion. The fact that we are considering this legislation illustrates how deeply the policies of this administration have plunged us into deficits and debt, and yet, the President continues to push for more of the same: tax cuts for the wealthiest Americans, which are not paid for and which will continue to run up deficits and debt as far as the eye can see. I am very concerned that if the President continues to pursue this reckless fiscal policy, our Nation's long-term economic strength will be seriously compromised.

Despite the fact that the President signed into law the largest debt limit increase in our country's history only 18 months ago, the Treasury Department has now informed us that it will need to borrow even more to keep the government functioning. The legislation we are considering today would allow federal debt to grow to $8.184 trillion, truly a staggering sum.

When President Bush took office, he promised that his fiscal policies would include ''maximum possible debt retirement.'' At that time, the Congressional Budget Office was projecting that our net debt to the public would decline to $36 billion by 2008, when this President leaves office. Now, instead of achieving ''maximum possible debt retirement,'' the President is asking for historically high debt increases. In fact, the CBO is now projecting that publicly-held debt will rise to $5.6 trillion in 2008—almost 40 percent of our GDP. Gross Federal debt, which includes our commitments to Social Security and Medicare, will be almost $10 trillion by the time this President leaves office.

These figures demonstrate how seriously our economic situation has deteriorated under this administration. Let me just emphasize that point with one further example. When the president took office, he inherited a 10-year surplus estimated at $5.6 trillion. Now, when you factor in some of the costs we know are coming, such as the continuing costs of the war in Iraq and the cost of reforming the alternative minimum tax, plus the cost of some of the President's proposals, such as making his tax cuts permanent and continuing his defense buildup, the projections are for a $3.5 trillion deficit over that same period, a reversal of $9.1 trillion. That is a seismic shift in our position.

Much of this shift is a direct result of the fiscal policies pursued by the President during his first term. For example, consider this year's budget deficit. When President Bush took office, the CBO was projecting a surplus for 2004 of $397 billion. Instead, we have a deficit this year of $413 billion—a shift of $810 billion. More than one-third—37 percent—of this reversal is directly attributable to the tax cuts this President has enacted, tax cuts that primarily benefitted the wealthiest Americans. And the President is seeking to increase our debt burden by permanently extending many of these tax cuts, utterly ignoring the fact that these massive tax cuts for the rich have led to budget deficits so large that they could jeopardize our future economic strength.

In part, my concern for our economic future stems from a change in the United States' international economic position. Two decades ago, the United States was a creditor nation internationally, by about 10 percent of our GDP. Now, because of the deterioration of our position over those intervening two decades, we are a debtor nation, to the tune of about 22 percent percent of our GDP. Our status as a debtor nation has worsened considerably since President Bush took office: between January 2001 and July 2004, foreign holdings of U.S. Treasury debt increased by 79 percent. The large budget deficits that have appeared during the last 4 years have made us inordinately dependent on the influx of capital from abroad in order to sustain ourselves.

What will happen to the United States if foreign buyers of our debt decide to make their investments elsewhere? As the Washington Post explained in an article on October 19, 2004:

> Foreign governments and individuals hold about half of the $3.7 trillion in outstanding U.S. Treasury bonds, for example, and the government has been heavily dependent on continued overseas bond purchases to finance the roughly $1 billion a day it has to borrow to pay its bills. Foreign lending and investment are also needed to finance the country's roughly $50 billion monthly trade deficit, while foreign capital has been a key prop to U.S. stock prices. A turn in overseas attitudes toward the United States could ripple deeply through the economy, depressing the market, raising interest rates and pushing down the value of the dollar.

There are already signs that this is beginning to happen. The Treasury Department reported in October that net monthly capital flow from the rest of the world into the United States fell in August, for the sixth time this year. As reported last week by the Wall Street Journal,

> Since Election Day, the dollar has fallen 1.4 percent to an all-time low against the euro. . . . The catalyst for its most recent decline was President George W. Bush's re-election last Tuesday. Investors perceive his policies as likely to aggravate the steep U.S. budget deficit.

What is more, if it were not for the currency manipulation that many of our Asian trading partners are engaged in, the dollar would be significantly lower than it already is against those currencies as well. If this trend continues, the United States could be in for a period of significant economic contraction.

As I said 18 months ago, during the debate on the last debt limit increase, the United States' international financial position reminds me of Tennessee Williams's Blanche DuBois in ''A Streetcar Named Desire,'' who said: ''I have always depended on the kindness of strangers.'' That is what has happened to the United States in the international economic scene. We have deteriorated into a debtor status so that we are now dependent upon the kindness of strangers. That is not where the world's leading power should find itself.

This dramatic change in our economic situation comes at a time when the United States is facing a demographic tidal wave as the baby boom generation approaches retirement. When President Bush first took office, that retirement was almost a decade away. But time has run out. The first of the baby boomers will begin to retire in 2008, on this President's watch. Unfortunately, rather than prepare for the obligations we know are coming, this President has squandered every opportunity to save for the future.

Moreover, his policy of deficit-financed tax cuts makes us less able to make needed investments today. Every increase in the government's debt means we are siphoning off resources that could be used for other purposes simply to pay the interest on that debt. Net interest payments on our debt are expected to consume more than $1 trillion over the next 5 years. Instead of making investments in education, in health care, in transportation, we are paying billions of dollars in interest costs that would not have existed in the absence of the reckless fiscal policy of the last 4 years.

Not only do these policies jeopardize our current and future economic strength, they place a tremendous burden on our children and grandchildren who will have to pay off this debt. By cutting taxes for the wealthiest, the President is really raising taxes on everyone, including our children and grandchildren, by leaving them with the responsibility for paying off this enormous debt.

It is unfortunate that this Administration has demonstrated such a single-minded focus on cutting taxes, regardless of the very serious change in our economic situation and our country's current and future needs. The fact that the President is calling for still more tax cuts at the same time the Congress is being asked to add $800 billion to the Federal debt ceiling is beyond reckless—it places in jeopardy our future economic strength and the economic security of all Americans.

Mr. LEVIN. Mr. President, I cannot support raising the limit on our national debt to $8.184 trillion without taking other steps to restore fiscal responsibility. The fact that this is the third debt increase in three years highlights the irresponsibility of the fiscal policies of this administration. These policies have taken the nation from two years of record surplus—when we were paying down our debt—to this administration's record deficits and debt. A crippling burden is being passed to our children and grandchildren, and the economic security of our nation is threatened as a result.

The three recent increases in the debt limit reflect an astounding increase of more than $2.2 trillion. And unless we make a significant change in our fiscal policies, the outlook for avoiding future increases doesn't look any brighter. The Congressional Budget Office, CBO, forecasts that our gross Federal debt, which includes debt the Government owes to the public plus funds owed to federal trust funds like Social Security and Medicare, will climb from its 2003 level of $6.8 trillion to $13.3 trillion in 2014. And this shocking estimate doesn't even include the costs of continued military operations in Iraq and Afghanistan that we all know are coming. Nor does it take into account the substantial cost of continuing to provide relief for middle-class families from the alternative minimum tax, which, when applied to them, produces totally unfair results.

The fiscal burden such massive debt puts on us and our children is stupendous. By 2014, each American citizen's share of the debt will be $42,903. Paying off a debt of this size will require either extraordinary tax increases or significant cuts in critical government programs like homeland security and education. Furthermore, we will have to spend an increasing amount of our precious dollars on interest payments. Even under the CBO's conservative estimates, net interest payments on the public debt will rise from $159 billion in 2004 to $348 billion in 2014. Every family who has worked to balance its own budget knows that making interest payments diverts scarce resources from other priorities. Making these interest payments means fewer resources are available for many of our national priorities, including shoring up the Social

Security and Medicare trust funds at a time when those programs' costs are about to skyrocket as members of the baby boom generation begin relying on payments from those Funds to support their retirement.

Our rampant borrowing also threatens the economic security of our Nation as we are forced to go deeper into debt to foreign countries. Since January 2001, the share of U.S. Treasury debt held by foreigners has risen to 42 percent from 30 percent, and 90 percent of the new debt has been purchased by foreigners. This large amount of foreign debt leaves our nation vulnerable to the priorities of foreign creditors. For example, if foreign investors ever decide, for economic or political reasons, to stop financing our debt, U.S. and international markets could be thrown into turmoil. This provides other countries with leverage during trade or other negotiations with us.

Our economic security is also threatened by the prospect that a larger debt will lead to higher long-term interest rates. This means it will be more expensive to buy a house, pay for college or pay off credit card debt. This threat is made more serious by the recent increase in indebtedness of American households. Since the beginning of 2001, mortgage debt has increased by 44 percent and now stands at $7 trillion. Home equity loans have jumped by 54 percent and installment debt, including credit card debt, has risen 17 percent. Americans have taken on these new debts largely in an attempt to maintain their living standards in a struggling economy. Since much of this private debt is set at variable rates, any increase in interest rates will have a severe and immediate impact on these families.

So before we raise the debt limit today, we should commit to pursuing more responsible fiscal policies to prevent the need for future increases. We should reinstate pay-as-you-go rules to require that in addition to paying for all spending, we pay for all tax cuts as well. This concept is common sense for most families, who work to live within their means by balancing what goes out with what comes in.

We should also revisit this administration's irresponsible and unfair tax cuts that have driven us so deep into this deficit ditch. It is reckless and irresponsible that the top five percent of households in our country, whose average income is over $250,000 a year, received almost half of these tax cuts. Restoring responsibility and accountability is essential to the economic and fiscal health of our nation. Simply raising the debt limit without taking other steps to restore fiscal responsibility won't lead to that result.

Mr. BAUCUS. Mr. President, I see the Senator from Iowa on the floor. Does he wish to speak now?

Mr. HARKIN. As long as the floor is open, I might as well speak now.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Iowa.

Mr. HARKIN. Mr. President, I thank my friend from Montana. I will not take a lot of time. I wanted to talk a little bit about the measure in front of us, raising the debt limit yet one more time on the American people.

I liken it really to this right here. I will take it out of my billfold. It is a credit card. You see, what the Republicans have done is they have put America on a credit card. What they are doing is sort of like: spend and pay later, feel good. There was an advertisement once for a credit card company that said you can have it all. That is what the Republicans are telling us: You can have it all. We are going to put America on a credit card society. We can have tax cuts for the wealthy and the most privileged and we will put it on a credit card. We can continue the war in Iraq, brought on by exaggerations and misinformation to the tune of about $6 billion a month now. That is what we are spending in Iraq. I think it will $200 billion by the end of this fiscal year. Put it on a credit card. Put it on the credit card. And, boy, does it feel good. We can have everything. We can have it all. That is what Republicans are telling us. All you have to do is go in debt, put it on the credit card, put it on the country's credit card. We all know what is going to happen. When you are running up the credit card, boy, it feels good.

Who is getting all the advantages of this credit card, though? The wealthiest among us who got all these big tax cuts, and they are now shopping at Neiman Marcus. Check it out. High-end stores, the high-end catalogs are doing very well. People are buying expensive trinkets, expensive watches, yachts, and everything else. They made out.

Guess where it is coming from. It is on your credit card, America. It is on your credit card. And who will be paying? Working families. And now they want us to extend the credit card limit one more time.

You see, they bumped against the limit on the credit card, so now they are saying we have to extend the limit. That is what all this is about. You have to put it in real-life terms. This is a real-life credit card. You know what your limit is, you know what your income is, and you know what happens if you exceed your credit card limit and you cannot pay it. What happens? What happens when you cannot meet the payments? You either declare bankruptcy and go to bankruptcy court, or your creditors come after you. They restructure you. They deny you certain things so that you can start to pay off your credit card debt.

Guess who is now taking our credit card debt. The top countries holding our credit card debt are Japan, China, South Korea, Taiwan, Germany, Hong Kong, Switzerland, OPEC—the oil producing and exporting countries have a lot of our debt—China. I do not mean to castigate China. I happen to like the Chinese people. I think we ought to trade with China, although in a more balanced way. But what happens when they become a big creditor and we are their debtor? What happens to trade deals down the road?

Put yourself and your family in this position. What happens when you are the debtor and you have a creditor? Who tells whom what to do? Does the debtor tell the creditor what to do? Your creditor tells you what you have to do to get out of debt.

So what is going to happen a few years from now when we are having a trade deal with China, when we are trying to hammer it out and the Chinese do not like exactly how we are dealing? What happens when they are keeping the value of their currency artificially low? The debtor tends to pull their punch when dealing with the creditor. And we have been pulling our punches in this situation.

This is not some fancy kind of thing. I have heard some speeches on the floor today about the debt limit. Look, this is family. This is the American family we are talking about, and the Republicans are selling us out to creditors around the world. And now that we have bumped up against the limit on our credit card, they say we are going to raise the limit one more time. We can put more debt on our credit card: $800 billion more. Think of it as another $11,000 for a family of four.

Two things are happening. First is you have to pay interest, right? When you have debt on your credit card, you pay interest on that credit card debt. You pay it every month or you start paying interest on the interest. Guess what. You will have to pay it. That is what is happening to our national debt. We raise the limit on our credit card, and every month we have to pay interest or what it build and build.

How much interest? Every man, woman, and child in America will, by 2009, be paying $1,000 a year in taxes just to pay the interest on the national debt; $4,000 for a family of four, every year, just to pay the interest on the debt. And, Mr. President, that is not one tax that can be cut. You cannot cut that tax. That has to be paid. The interest has to be paid on the debt—$4,000 a year for a family of four.

I have heard a lot of talk around here this year and in previous years—and now I hear the President of the United States talking about it again—about the death tax, otherwise known as the estate tax, which is if you have a big estate, over $1.5 million dollars, before you pass it on, you have to pay taxes on the amount over that sum. They got to calling it this fancy death tax, like you are taxed because you die. You are not taxed because you die, you are taxed because you have large holdings that have built up, a lot of which you have not paid taxes on, that you can pass on to other generations in your family. They call it a death tax.

I think we ought to start talking about the birth tax. That is what is happening on the floor today. Increasing our national debt is putting a birth tax on every child born in America.

Think about it. For a child born in America 5 years hence, during that child's first year of life, his or her share of the interest payment on the publicly held debt will be $1,000. No one is talking about it. We ought to be talking about it because that is what it is—a birth tax on every child born in America. You have to pay $1,000 a year interest on the national debt to pay for the tax cuts.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARKIN. Mr. President, I ask unanimous consent for 5 more minutes.

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

Mr. HARKIN. That is what it is. It is a birth tax. Every child born has to pay $1,000 in interest on the debt that first year.

Where did the money go? Lots went to the wealthiest in our society who are now shopping at Neiman Marcus and buying fancy cars. Trickle-down economics. All you have to do is give more to the wealthiest in our society, and it will trickle down. Nonsense. What is trickling down is the interest on the debt that our families have to pay. That is all that is trickling down.

Here it is right here on this chart, the debt each American owes, per capita, Federal debt outstanding. This year, $25,398 each American owes on the Federal debt outstanding, and now we are asking one more time to raise the credit card ceiling. One more time we will raise it, putting American families more in hock to the Chinese, the Japanese, the United Kingdom, the Caribbean banking centers, South Korea, Taiwan, Germany, Switzerland, and the oil producing and exporting countries, the top 10 countries holding our national debt.

This is not rocket science. All it is, pure and simple, is giving more to those who already have a lot in our society. It is spending, as I said, on a needless war in Iraq to the tune of $6 billion a month, not counting the tragic loss in American lives and innocent Iraqi lives. Yet, with all of that we do not even have enough money to fund education. We are putting to bed, so to speak, our education appropriations bill. Guess what. In the Omnibus Appropriations bill we will consider on the floor of the Senate this week, funding for Title I spending, for the poorest schools, is $8 billion short of the authorized level. We have had to cut title I spending for the poorest schools, for the kids in the lowest income areas of America today.

So we do not have enough money for kids and education, for poor schools. We don't have enough money to make sure we have a decent health care plan for the poorest in our country and our children. Our middle-class kids graduate from college with debt up to their eyeballs because they can't afford to go to college. Our environment is being ravaged, our transportation system is falling apart—drive down any highway, thank you—yet we are asked to raise the national debt one more time on this credit card so the most privileged in our society can continue their spending spree. It is time to get us off the credit card.

A simple fact, simple truth: Republicans can't be trusted with your money. That is the simple fact. It happens every time. They simply think all you have to do is run up that credit card, give tax cuts to the wealthy, and everybody will be fine.

Someone said earlier today the responsible thing to do was to vote to increase the debt limit. I am sorry. I am sorry. That is not the responsible thing. That is one more irresponsible action.

I wouldn't mind voting to raise the debt limit if it were coupled with a bill that was true tax reform, that made the wealthiest in our society pay their fair share, that provided for good education and health care for our people. Then you could say we had a fair deal. This is not a fair deal. We are raising the debt so the most privileged in our society can have more. We are raising the debt limit so countries like China can have a noose around our neck.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HARKIN. I ask for 60 more seconds and I will conclude.

Mr. BAUCUS. I yield the Senator 60 more seconds.

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

Mr. HARKIN. It is a shame we have come to this. It is time to rip up the credit card. It is time to take the credit card away from the Republican majority here and from the President of the United States. It is time that we have a fair deal for the people of this country and not impose a new birth tax on every child born in America to pay this interest on the national debt. It is unfair. We ought to turn it down and come back with a fair deal for the American people.

The PRESIDING OFFICER (Mr. ALLEN). The Senator from Montana.

Mr. BAUCUS. I yield 5 minutes to the Senator from North Dakota.

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

Mr. DORGAN. I thank my colleague from Montana and my colleague from Iowa. I listened carefully to his comments.

We are here debating the proposition of increasing the debt limit by $800 billion. We have come through a time in the 1990s when we were actually running budget surpluses. We were paying down the debt. Now we are stacking debt on top of debt on top of debt. This is the most reckless fiscal policy I have ever seen. I didn't vote for it. I don't feel responsible for things I didn't vote for.

Let me say that if this Senate passes an increase in the debt limit and does nothing about the underlying fiscal policy that has created it, then this Senate ill serves the American people.

The President says: You know, we have had an economic slowdown, a recession, war, and terrorism. Yes. So have other Presidents. That is all true. But it seems to me it probably would have augured well for this administration, then, to recognize that things have changed and therefore fiscal policy must change. We are spending $5 billion a month every month in Iraq and Afghanistan—$4 billion in Iraq, $1 billion in Afghanistan. We are not paying for one penny of it. It is all being charged.

This administration says we are fighting a war. Yes, we are fighting a war and guess what, this administration doesn't ask anyone to pay for it. They say we want to give big tax cuts mostly to people at the upper income level. What kind of fiscal policy is that?

Part of this increase in the debt limit, I suppose, is to accommodate something that was done last year on the floor of the Senate. It says, you know what we have to do now? We have to reconstruct the country of Iraq. We want the American people to ante up $20 billion to reconstruct the country of Iraq. I offered an amendment. I said: I don't think we ought to do that. Iraq has the second largest oil reserves in the world. I had soldiers tell me they stood in indentations in the sand and got oil on their boots. I think the Iraqi people ought to pump oil and sell it at $45 a barrel. They will have more money than they know what to do with. But this administration believes the American taxpayer should pay for the reconstruction of Iraq and the Senate should raise the debt limit to make this happen. It is just one domino in this line, but it is a hood ornament of failure.

The question is, When will this place and when will this administration come to its senses? I am not saying one side is all right and the other side is all wrong. But I am saying this: This fiscal policy was constructed at the White House at a time when they said we have so much surplus we don't know what to do with it. Let's start giving it back. Some of us stood on the floor of the Senate and said we ought to be a bit conservative. What if something happens we did not anticipate and things change? A war? A terrorist attack? An economic slowdown?

The President says, no, don't worry about that. The future is bright.

So we put in place tax cut after tax cut after tax cut and we are now choking on red ink and the President doesn't seem to care much at all. He doesn't address it, talk about it, or think about it. I think it's true to the admonition in Bob Woodward's books about the President saying I don't want second guessers around me. Once we decide to do something, that is what we do, and I don't want to talk about it. It seems to me when you have a fiscal policy that created an avalanche of debt for this country, the thing you ought to do—it is like the old southern saying about the law of holes. When you find yourself in a hole, stop digging. Maybe we ought to stop digging. Maybe this administration ought to describe the fiscal policy that stops making this hole deeper. But that is not what this is about today and I regret that.

There is so much to talk about. We are talking about the budget deficits and the accumulated debt. By the way, every penny of the Social Security surplus is being spent.

This administration makes the case that what matters is debt held by the public.

No, no, that is not what matters. It is not just debt held by the public. It is debt held by the public and debt instruments that exist in the Social Security accounts which we are going to have to repay. All of that represents an obligation that this country must meet and it is growing and mushrooming in a way that is dangerous for the future of this country. Everybody knows it except the President, apparently, and those in this Chamber who have decided this President's fiscal plan is moving us in the right direction.

You know the old saying in the western movies: Are you going to believe me or your lying eyes?

The fact is, we understand what is happening here. We see it. Only in this town, where we make an industry out of creating euphemisms, can we have enough sugar to sugarcoat this nonsense. This is awful. This fiscal policy is injuring this country in a very dramatic way. We ought to take a step right now on this debt ceiling limit and decide we are going to tell this administration we demand a change in fiscal policy.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DORGAN. Let me ask for two additional minutes, if the Senator from Montana has it.

Mr. BAUCUS. I yield 2 minutes to the Senator from North Dakota.

Mr. DORGAN. I am happy to yield.

Mr. HARKIN. I thank the Senator from North Dakota for his great statement. He is very perceptive.

One thing I did not mention, but as he alerted the Senate, we are now being told we will not be able to meet our obligations under Social Security if we continue down this path. Therefore, what we need to do is somehow privatize Social Security and put it out on the stock market, like Enron stock, for future beneficiaries.

I ask my friend from North Dakota to address that further. He touched on it. Now we are going into debt further and further and we have huge tax breaks for the wealthy, for the most privileged among us, and we are being told we will not have enough money to pay our obligations under Social Security.

Is that what is happening now, I ask my friend from North Dakota?

Mr. DORGAN. The response to that is this administration is spending every single penny that comes into the Social Security trust fund. They want to fight the war and do all these things and no one has to pay for it. Don't worry. Be happy. Dance down the sidewalk and be oblivious to what is happening.

We have the largest budget deficit in the history of this country and one that, incidentally, all the experts say you cannot grow out of. But we have our colleagues saying, we will just hang around, thumb our suspenders, and grow out of this. I guarantee we will grow out of it, they huff and puff.

Nonsense. And they know it is nonsense.

In addition to the biggest budget deficit in the history of this country, we have the biggest trade deficit in the history of this country, as well. I worry that one of these days the currency traders are going to look at this and say, as an electronic herd, we are moving elsewhere. When they do, the collapse of this dollar will have enormous consequences.

I ask this President to provide some leadership in a fiscal policy that moves us in a constructive direction.

I yield the floor.

Mr. BAUCUS. I appreciate the discussion with the Senator from Iowa and the Senator from North Dakota.

I ask unanimous consent 20 minutes be reserved for the use of Senator BYRD when he is able to come to the floor.

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

Mr. BAUCUS. I suggest the absence of a quorum, not charged to the minority side but charged to the majority side.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. 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 Senator from West Virginia.

Mr. BYRD. Mr. President, how much time do I have under the order?

The PRESIDING OFFICER. The Senator is entitled to 20 minutes.

Mr. BYRD. I thank the Chair. I will try to do my speech in less than 20; not much, perhaps, but at least less.

Mr. President, as I begin my remarks today, I am reminded of the brutally candid statement by David Stockman, President Reagan's Budget Director in December 1981, when it became clear that the Reagan tax cuts would cause massive deficits in the Federal budget. In response to a reporter's queries, Mr. Stockman quipped that ''None of us really understands what is going on with all of these numbers.''

I wonder how many of us today understand what is going on with all of these numbers. We certainly do not act as though we do. This administration has plunged the Federal Government deeply into debt, deeply into debt, Mr. President, deeply into debt, which, unless policies change, will mean deficits at historically high levels for the foreseeable future. Former congressional deficit hawks, many of the very same people who for years decried deficit spending, seem perfectly content to go along for the ride.

This week, the Senate is poised to vote to increase the statutory debt limit—it will take place within the hour—for the third time in just 3 years. The $800 billion increase that we consider today follows a record $984 billion increase signed by President Bush in May 2003 and a $450 billion increase signed by President Bush in June 2002. In less than 3 years, under the Bush regime, the debt limit will have soared to the alarming level of $8.2 trillion, with no end in sight to the spending and borrowing.

How long would it take to count a trillion dollars, Mr. President, at the rate of $1 per second? It would take 32,000 years. If you want to know what a trillion dollars sounds like and is, that is it. To count a trillion dollars, at the rate of $1 per second, would take 32,000 years.

Since January 2001, the gross Federal debt has increased $1.2 billion per day. It has increased $50 million every hour of every day. Today, every man, woman, and child in the United States owes $25,206.29 on the debt. In fiscal year 2004, U.S. taxpayers owed $322 billion in interest—in interest? Yes, in interest on the publicly held debt. These are interest payments that do not educate one child, that don't buy one tank, that don't provide health care for one senior citizen. Skyrocketing budget deficits and an ever-increasing, destructive national debt have become not merely facts of life in America today but a way of life for tomorrow and tomorrow and tomorrow, and for the years to come.

Lawmakers may faithfully tout the Bush administration's line that the White House is serious about cutting the Federal deficit, but the American people have yet to see anything that would give them reason to take such claims seriously. Irresponsible spending does not reflect the values of most Americans who must struggle with their own family budget and foot big Federal bills by paying taxes. Oh, how sweet the sound—taxes.

For the last 4 years, we have been operating under Bush budgets. We have been operating under Bush tax cuts. We have been operating under Bush spending bills. The result has been a Bush deficit of $413 billion for the fiscal year 2004.

How much is a billion dollars? We are talking about $413 billion. We are talking about $413 for every minute since Jesus Christ was born. Think of that. We have the largest deficit in U.S. history and an estimated $2.3 trillion in accumulated deficits over the next decade.

The White House will try to blame deficits on the war on terror. There happens to be two wars going on, I remind my colleagues, not just one—one in Afghanistan and the Bush war in Iraq.

Let's look at the whole picture. President Bush reportedly will request an additional $75 billion early next year for the war in Iraq. That is the Bush war. That request follows $203 billion already appropriated for Iraq and Afghanistan, bringing our total commitment to $278 billion for Iraq and Afghanistan. The corporate tax bill that the President signed into law in October will cost $18 billion in the coming 3 years to pay for special interest tax breaks, further increasing budget deficits in the short run.

The White House's own budget office is leaking word that the budget deficit will increase, not decrease, next year when the President submits his budget to the Congress.

The President's Social Security privatization proposal is projected to cost a trillion dollars in the coming decade, and the President's tax and spending proposals will likely add hundreds of billions of dollars more to our Nation's budget deficits. That is to say nothing of our mounting trade deficits that have cost an untold number of American workers their jobs, or the multi-trillion-dollar deficits in the Social Security and Medicare Programs that threaten senior citizens and their retirement and health benefits.

The Bush administration and the Congress have not had the courage to address this mounting debt, and to debate policy changes which might help to bring these deficits under control.

It is hard to believe that only 2 weeks after an intense Presidential election campaign in which both sides, Republican and Democrat, pledged to reduce the size of the deficit, the Senate's first order of business upon returning is to completely ignore those campaign promises and pass this debt limit increase, without a debate, really, about the ways to reduce our Nation's huge deficit.

In his victory speech, George Bush pledged to work with Democrats to unite the country, didn't he? Well, I can think of no better way to demonstrate the commitment behind that pledge than drawing on both parties' avowed aversion to these budget deficits and initiating a constructive, bipartisan effort to move to eliminate them. We know how to do it. We have done it before. We have done it in a bipartisan manner. We have done it successfully, without budget gimmicks, without constitutional amendments. For Heaven's sake, let's don't start down that road of constitutional amendments to balance the budget. We can do it without constitutional amendments, without granting imperious Presidential powers—just using plain common sense.

In 1990, President George Herbert Walker Bush and the 101st Congress negotiated budget enforcement tools and demonstrated the courage to implement them. Every budget guru in Washington, from Federal Reserve Chairman Alan Greenspan to Comptroller General David Walker to former Directors of the Congressional Budget Office, agreed that those tools worked extraordinarily well in bringing our Nation's deficits under control.

Both Republicans and Democrats voted this year to restore pay-as-you-go rules, requiring new mandatory spending and new tax cuts to be offset. Hallelujah. President Bush endorsed those budget enforcement mechanisms in his fiscal year 2004 budget. Hallelujah. But he has now flip-flopped and wants to exclude tax cuts from the requirement that they be paid for.

But here we stand in the midst of renewed pledges by both parties to work together to address our Nation's challenges, and on this issue where so much common ground exists we are unable to muster the political courage to talk about the wolf at our doorstep.

So we will pass this statutory debt increase and then put it out of our minds until we are forced to raise it again. We all should know the folly of this tactic, and as the chickens come home to roost in the years ahead, the American people will surely remind us of it. It is morally reprehensible to deceive the voter by claiming that deficits don't matter.

These destructive debt figures represent a threat—yes, a threat—to the Social Security system—and don't you forget it—a threat to affordable health care for working Americans, a threat to the promise of a college education for our Nation's youth, a threat to the financial underpinnings of our economy, what one editorial in the Washington Post described as ''the cold-hearted actuaries of doom.''

Economists across the political spectrum are growing increasingly concerned about the effect of these mounting budget deficits on our economy. The U.S. dollar continues to lose value against the Japanese yen, the European Euro, and the Canadian dollar. Investors may soon rather hold the currencies of other nations than our own, and this spells great trouble in boxcar letters, trouble for our country in foreign policy as well as domestic responsibility. Republicans and Democrats increasingly view our Nation as becoming too dependent—too dependent—on foreign investment and with good reason.

According to the Treasury Department, foreign holdings—get that, foreign holdings—foreign holdings comprise half of our Nation's privately held public debt, with much of that debt owed to countries such as China and Korea and entities such as OPEC and the Caribbean banking centers. To these foreign holders, American taxpayers paid $322 billion in interest payments last fiscal year on money borrowed to finance our Government's operations.

Please understand, it is hard to scold China about its human rights policies when we are in debt up to our eyeballs to such foreign entities. With a $413 billion deficit last year, the administration must borrow the equivalent of the entire budget for the Department of Defense, from where? From foreign countries. That means that the Bush administration cannot pay our soldiers in Iraq who are fighting the Bush war, and Afghanistan where a war is going on that I support fully, without having to go hat in hand—hat in hand—to other countries for a loan and handing the U.S. taxpayer a hefty interest premium to boot.

It is great political rhetoric to claim that America does not have to ask the permission of other nations to defend itself or do anything else for that matter, but when we rely so heavily on other nations to help pay our way in the world, our haughty claims of independence are just so much bluff. Unfortunately, the rest of the world knows what we will not admit; that is, we are beholden to foreigners to pay our way.

Make no mistake about it, the threat of budget deficits to our economy is real, and we cannot afford to ignore it any longer.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3½ minutes remaining.

Mr. BYRD. I thank the Chair. I yield back that time. Perhaps I do not have it to yield back, but I shall not use it. I yield the floor.

Mr. THOMAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I ask that all time be yielded back on both sides.

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

Mr. BAUCUS. Mr. President, I ask for the vote and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is on the passage of the bill. The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. Mr. President, on this vote, I have a live pair with the Senator from New York, Mrs. CLINTON. If she were present and voting, she would vote ''nay.'' If I were permitted to vote, I would vote ''yea.'' I, therefore, withhold my vote.

Mr. REID. I announce that the Senator from Vermont (Mr. LEAHY) is necessarily absent.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent attending a funeral.

On this vote, the Senator from Nevada (Mr. REID) is paired with the Senator from New York (Mrs. CLINTON).

If present and voting, the Senator from New York would vote nay and the Senator from Nevada would vote aye. I therefore withhold my vote.

I further announce that, if present and voting the Senator from Delaware (Mr. BIDEN) and the Senator from Vermont (Mr. LEAHY) would each vote no.

The PRESIDING OFFICER (Mr. SUNUNU). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 44, as follows:

[Rollcall Vote No. 213 Leg.]

YEAS—52

Alexander	DeWine	Miller
Allard	Dole	Murkowski
Allen	Domenici	Nickles
Bennett	Enzi	Roberts
Bond	Fitzgerald	Santorum
Breaux	Frist	Sessions
Brownback	Graham (SC)	Shelby
Bunning	Grassley	Smith
Burns	Gregg	Snowe
Campbell	Hagel	Specter
Chafee	Hatch	Stevens
Chambliss	Hutchison	Sununu
Cochran	Inhofe	Talent
Coleman	Kyl	Thomas
Collins	Lott	Voinovich
Cornyn	Lugar	Warner
Craig	McCain	
Crapo	McConnell	

NAYS—44

Akaka	Edwards	Levin
Baucus	Ensign	Lieberman
Bayh	Feingold	Lincoln
Bingaman	Feinstein	Mikulski
Boxer	Graham (FL)	Murray
Byrd	Harkin	Nelson (FL)
Cantwell	Hollings	Nelson (NE)
Carper	Inouye	Pryor
Conrad	Jeffords	Reed
Corzine	Johnson	Rockefeller
Daschle	Kennedy	Sarbanes
Dayton	Kerry	Schumer
Dodd	Kohl	Stabenow
Dorgan	Landrieu	Wyden
Durbin	Lautenberg	

PRESENT AND GIVING A LIVE PAIR—1

Reid

NOT VOTING—3

Biden	Clinton	Leahy

The bill (S. 2986) was passed, as follows:

S. 2986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCREASE IN PUBLIC DEBT LIMIT.

Subsection (b) of section 3101 of title 31, United States Code, is amended by striking ''$7,384,000,000,000'' and inserting ''$8,184,000,000,000''.

Mr. MCCONNELL. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. BIDEN. Mr. President, I was not able to participate in today's debate and vote on the extension of the national debt limit. I was attending the funeral of a great civil rights leader in Delaware, Jane E. Mitchell. Had I been here to vote, Mr. President, I would have cast a symbolic vote against an extension of the debt limit. Today's fiscal mess, the transformation of historic surpluses into record deficits, is not an accident. It is the inevitable outcome of policies that consistently ignored evidence and experience.

When we launched out on a course of tax cutting, with expanding domestic and international obligations and responsibilities, many of us in Congress argued that we could not afford to do everything, that we needed a fiscal policy that matched our revenues with our expenditures. Some tax cuts, especially for the middle class, were needed, tax cuts that could have revived job growth and aided economic recovery. Instead, we have a policy that calls for permanent tax cuts that overwhelmingly favor those who are already well off. When twice the administration asked us to appropriate funds for our military actions in Iraq and Afghanistan, I stood here on the Senate floor and said that we should pay for those obligations with smaller tax cuts for our wealthiest taxpayers, and not just pass the bill on to all our children.

We are here today because that advice was ignored, those hard choices were ducked, and the bill for our decisions will be sent to our children and grandchildren, in the form of the additional debt we will authorize today. It did not have to be this way, Mr. President. In the next Congress, the threat of massive deficits, which have made us increasingly dependent of foreign lenders to stay afloat, will still be with us. My symbolic vote against raising the debt limit would have been a protest of the policies that have brought us to this point, and a demand that we change course.•

Mr. MCCONNELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 10 minutes each.

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

MANDATORY COUNTRY OF ORIGIN LABELING

Mr. JOHNSON. Mr. President, I rise today to discuss an issue of importance not only to South Dakota producers and ranchers, but to producers and ranchers all across America.

The issue involves a program that would not only provide positive benefits for our agricultural producers, but ensure consumer choice in the grocery store aisle and on the dinner table.

There are efforts underway, unfortunately, to gut the mandatory country-of-origin labeling law that was incorporated into the 2002 farm bill, a farm bill signed into law by this President, and which should be supported by this administration. I rise today to express concern that the fiscal year 2005 omnibus appropriations measure may contain provisions which would weaken or replace mandatory country-of-origin labeling with a voluntary country-of-origin labeling program.

As you will recall, last year the Senate overwhelmingly supported a resolution that Senator DASCHLE introduced instructing conferees to strike any language which would delay the implementation of a mandatory labeling program. The omnibus conference recessed hastily, and consequently no opportunity existed to debate and vote on that matter. In any event, the fiscal year 2004 agriculture appropriations bill, the vehicle for the fiscal year 2004 omnibus, contained language delaying country-of-origin labeling by 2 years for all covered commodities with the exception of farm fish and wild fish. This language was adopted by only a small margin in the House. I rise today to urge my colleagues in the Senate to convey their support for this measure and the importance of mandatory country-of-origin labeling.

It is no secret that this administration has voiced its support for resumption of trade of live Canadian cattle, and it is only a matter of time before our producers feel the economic impact of this decision. When USDA opens the floodgates, and if our mandatory labeling program is gutted, consumers will have no way of determining where their meat comes from. And I worry that the Canadian border will reopen before we have resumed trade relations with some of our key export markets. That presents a dangerous situation for our producers, and I fail to see why the administration would continue to cheer large agribusiness while the burden of our faltering export markets is borne by the individuals feeding this great Nation.

Country-of-origin labeling retains support from over 80 percent of American consumers, and recently about 95 consumer and producer groups, representing over 50 million Americans, wrote Congress to express their support for a mandatory food labeling program. They also conveyed their opposition to any effort to turn this program into a voluntary program in the 2005 omnibus appropriations measure. Country-of-origin labeling has overwhelming bipartisan support, and the majority of our trading partners have already implemented a country-of-origin system in their respective countries. It is time to quit dragging America's feet and join the remainder of the industrialized nations throughout the world that afford their consumers the right to know the origin of the food they feed their families.

I have worked on mandatory country-of-origin labeling for nearly 12 years. My first labeling bill was introduced in 1992, and as the primary author of the origin labeling language incorporated in our existing farm bill, I join Mr. BURNS and other Senate colleagues in introducing a bill on that issue today. I will persist in working to speed up implementation of this program with my colleagues. It is important that this Senate continue its bipartisan support for implementation of this commonsense law.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

RESEARCH REVIEW ACT

Mr. REID. Mr. President, last month we lost a great American, Christopher Reeve. Since a riding accident left him paralyzed from the neck down, Christopher Reeve has been an inspiration to all Americans, particularly to those living with paralysis as a result of spinal cord injury.

In the years following his accident, Christopher Reeve made tremendous progress. He regained sensation and movement in some parts of his body and was able to breathe for periods of time without a ventilator. Watching Christopher Reeve achieve these milestones gave hope to individuals with spinal cord injuries, their families, researchers and just about everyone.

We lost Christopher Reeve, but we cannot lose sight of his dream for a cure. We must do everything we can to ensure that Federal researchers have the tools they need to further advance paralysis research, and to ultimately find a cure.

I am pleased that today we are honoring the legacy of Christopher Reeve by passing the Research Review Act. This legislation includes a provision that will advance the goals of the Christopher Reeve Paralysis Act.

There is no stronger voice in the Senate for individuals with disabilities than Senator TOM HARKIN. And for the last several years, Senator HARKIN has worked with the Christopher Reeve Paralysis Foundation to pass legislation that would further advance the science needed to promote spinal regeneration and build quality-of-life programs for individuals with paralysis and other mobility impairments.

The Research Review Act supports the intent of the Christopher Reeve Paralysis Act by directing the National Institutes of Health to draft a report on ways they have encouraged the use of multi-disciplinary research teams to advance treatments, develop new therapies, and collaborate on clinical trials with respect to spinal cord injury and paralysis research.

The Research Review Act is an important step in the right direction, but we must do everything we can to pass and fund the Christopher Reeve Paralysis Act during the next session of Congress.

The Research Review Act also includes important provisions related to inflammatory bowel disease. I am the proud sponsor of legislation in the Senate known as the ''IBD Act'' which is designed to improve the quality of life for patients suffering from inflammatory bowel disease. I am pleased that 36 Members of the Senate, including Senator COCHRAN, have cosponsored this bipartisan legislation.

Inflammatory bowel disease, which includes both Crohn's disease and ulcerative colitis, is a chronic disorder of the gastrointestinal tract which afflicts approximately 1 million Americans, 100,000 or 10 percent of whom are children under the age of 18. IBD can cause severe abdominal pain, fever, and intestinal bleeding. Complications related to the disease include: Arthritis, osteoporosis, anemia, liver disease, and colon cancer. Inflammatory bowel disease represents a major cause of morbidity from digestive illness, and although it is not fatal, IBD can be devastating.

I am pleased that the Research Review Act contains three important provisions related to inflammatory bowel disease. The first provision directs the Centers for Disease Control and Prevention to report to the Congress on the status of its inflammatory bowel disease epidemiology study. This much needed study is being conducted by CDC through financial support provided by the Crohn's and Colitis Foundation of America (CCFA). Over the past 2 years, CCFA has provided the CDC with $750,000 to establish the epidemiology project. I am pleased that the Senate Labor, Health and Human Services and Education Appropriations Subcommittee has provided $800,000 for Fiscal Year 2005 to continue this important study.

The second provision of interest to the IBD community directs the Government Accountability Office to conduct a study on the coverage standards of Medicare/Medicaid for the therapies that IBD patients need to manage their disease. If there are gaps in coverage that negatively impact the health and quality of life of IBD patients on Medicare or Medicaid, we need to know about them, and take steps to address the problem.

The bill provides for a GAO study on the challenges that IBD patients encounter when applying for Social Security Disability. This study will include recommendations for improving the application process for IBD patients. This is critical to our effort to ensure that every patient who deserves disability coverage, receives it.

I am pleased to inform my colleagues that this is the first piece of authorizing legislation to pass the United States Congress that addresses inflammatory bowel disease. I would like to extend my appreciation to the Crohn's and Colitis Foundation of America for their tremendous advocacy in support of this bill and the ''IBD Act'' in the 108th Congress. Over the past 2 years, tens of thousands of IBD patients have made their voice heard on Capitol Hill. I am pleased that a disease that for so long has been in the shadows of our society is starting to receive much needed attention and support. We would not be here today if it wasn't for the commitment of these patients and their family members.

HONORING OUR ARMED FORCES

LANCE CORPORAL SHANE E. KIELION

Mr. HAGEL. Mr. President, I rise to express my sympathy over the loss of Shane Kielion of Omaha, NE, a lance corporal in the U.S. Marine Corps. Lance Corporal Kielion was killed while supporting Operation Iraqi Freedom on November 15, 2004, in Iraq's Al Anbar Province. He was 23 years old.

Lance Corporal Kielion attended Omaha South High School where he was a leader both on the football field and in the classroom. After graduating in 1999, he briefly attended Peru State College on a football scholarship before joining the U.S. Marine Corps. He was assigned 3rd Battalion, 5th Marine Regiment, 1st Marine Division, I Marine Expeditionary Force, Marine Corps Base Camp Pendleton, CA. Lance Corporal Kielion will be remembered as a loyal marine who had a strong sense of duty, honor, and love of country. Thousands of brave Americans like Lance Corporal Kielion are currently serving in Iraq.

Lance Corporal Kielion is survived by his parents, Patricia and Roger Kielion; his wife, April, and their newborn son. Our thoughts and prayers are with them at this difficult time. The United States of America is proud of Shane Kielion's service and mourns his loss.

For his service, bravery and sacrifice, I ask my colleagues to join me and all Americans in honoring LCpl Shane Kielion.

LCPL KYLE BURNS, USMC

Mr. THOMAS. Mr. President, I rise today to express our Nation's deepest thanks and gratitude to a special young man and his family. During this past recess, I received word that on November 11, 2004, Veteran's Day, Marine LCpl Kyle Burns of Laramie, WY, died in the line of duty while serving his country in the war on terrorism. Lance Corporal Burns was killed while fighting insurgents in the battle for Fallujah, Iraq, west of Baghdad. It was his second tour of duty in Iraq.

Lance Corporal Burns was a member of 1st Light Armored Reconnaissance Battalion, 1st Marine Division, 1st Marine Expeditionary Force. He joined the Marine Corps after graduating from

Laramie High School in 2002. He held a profound sense of duty and knew he was doing the right thing. He was very proud of being a Marine. He loved the outdoors and enjoyed hiking, hunting, and fishing. He was a sports fan, and he played baseball and ran track, but he particularly liked hockey—a sport he played for 12 years. Kyle Burns had a love and lust for life and made every opportunity to live it to the best of his ability.

It is because of people such as Kyle Burns that we continue to live safe and free. America's men and women who answer the call of service and wear our Nation's uniform deserve respect and recognition for the enormous burden that they willingly bear. Our people put everything on the line everyday, and because of these folks, our Nation remains free and strong in the face of danger.

The motto of the Marine Corps is "Semper Fidelis." It means "Always Faithful." Through his selfless and courageous sacrifice, LCpl Kyle Burns lived up to these words with great honor.

Lance Corporal Burns is survived by his mother Jo, his father Bob, his brother Kris, and his brothers of the United States Marine Corps. We say goodbye to a son, a brother, a Marine, and an American. Our Nation pays its deepest respect to LCpl Kyle Burns for his courage, his love of country, and his sacrifice so that we may remain free. He was a hero in life, and he remains a hero in death. All of Wyoming and, indeed, the entire Nation are proud of him.

So, one Marine to another, Lance Corporal Burns, Semper Fi.

CORPORAL LANCE M. THOMPSON

Mr. BAYH. Mr. President, I rise today with a heavy heart and deep sense of gratitude to honor the life of a brave young man from Kokomo, IN. Corporal Lance M. Thompson, 21 years old, died on November 15. Lance was killed by an improvised explosive devise while conducting combat operations in the Al-Anbar Province of Iraq. With his entire life before him, Lance risked everything to fight for the values Americans hold close to our hearts, in a land halfway around the world.

A 2001 graduate of Eastbrook High School, Lance followed in his brother Phillip's footsteps by joining the Marines. His father, Gregory, told the Kokomo Tribune that his son had been a committed member of the Armed Forces and believed in what the Marines were doing in Iraq. Reflecting on Lance's life, his half-brother, Matt, told the Marion Chronicle-Tribune that his "motto" had been "gung-ho." This selfless dedication carried Lance through his first tour of duty in Iraq and led him back again for a second tour, which began in September of this year.

Lance was the 38th Hoosier soldier to be killed while serving his country in Operation Iraqi Freedom. He was assigned to the Weapons Company, 2nd Battalion, 5th Marine, 2–Battalion Combat Team, 1st Marine Division, Camp Pendleton, CA. This brave young soldier leaves behind his wife, Dawn; his father, Gregory; his mother, Melanie; his brother, Phillip; and his half-brother, Matt.

Today, I join Lance's family, his friends and the entire Kokomo community in mourning his death. While we struggle to bear our sorrow over this loss, we can also take pride in the example he set, bravely fighting to make the world a safer place. It is his courage and strength of character that people will remember when they think of Lance, a memory that will burn brightly during these continuing days of conflict and grief.

Lance was known for his dedication to family and his love of country. According to friends and loved ones, he also enjoyed spending time outdoors, being with children and animals, and was always making jokes. Today and always, Raymond will be remembered by family members, friends and fellow Hoosiers as a true American hero and we honor the sacrifice he made while dutifully serving his country.

As I search for words to do justice in honoring Lance's sacrifice, I am reminded of President Lincoln's remarks as he addressed the families of the fallen soldiers in Gettysburg: "We cannot dedicate, we cannot consecrate, we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note nor long remember what we say here, but it can never forget what they did here." This statement is just as true today as it was nearly 150 years ago, as I am certain that the impact of Lance's actions will live on far longer than any record of these words.

It is my sad duty to enter the name of Lance M. Thompson in the official RECORD of the United States Senate for his service to this country and for his profound commitment to freedom, democracy, and peace. When I think about this just cause in which we are engaged, and the unfortunate pain that comes with the loss of our heroes, I hope that families like Lance's can find comfort in the words of the prophet Isaiah who said, "He will swallow up death in victory; and the Lord God will wipe away tears from off all faces."

May God grant strength and peace to those who mourn, and may God be with all of you, as I know He is with Lance.

SERGEANT RUSSELL L. COLLIER

Mrs. LINCOLN. Mr. President, today I rise to celebrate the life of an authentic American hero who fought to defend his Nation. Tragically, Sgt. Russell L. Collier of Harrison, AR, died October 3, 2004, in Taj, Iraq, while trying to rescue a fellow soldier also serving in Operation Iraqi Freedom. He was a member of 1st Battalion, 206th Field Artillery Regiment, Arkansas National Guard, from Russellville, AR.

Sgt. Collier exhibited tremendous courage and strength in the face of great peril. When his unit came under enemy fire while detaining insurgents suspected of building improvised rocket launchers for use against U.S. forces, his friend and fellow soldier, Sgt. Chris Potts of Tiverton, RI, was shot. Sgt. Collier, who as the unit medic was known as "Doc," gave up his rifle to run to Sgt. Potts' aid. Both men died trying to save their fellow soldiers. Indeed, Sgt. Collier risked his life to save another, and, in the end, lost his own life.

The Crossett native was embraced by Sgt. Potts' 103rd Field Artillery of the Rhode Island National Guard, which has fought alongside Sgt. Collier's own regiment. While speaking about the fallen hero, fellow medic Spc. Tommy Rich said, "He took care of the Rhodys. He was a Rhody. They wouldn't give him up, and he wouldn't leave them. They've been a team from the beginning. He loved his guys." Sgt. Collier's attempt to rescue a fellow soldier illustrates his strong commitment to his unit and his truly selfless nature.

Sgt. Collier loved the military, said his sister, Carolyn Pfaus. His long military career began in 1975 when he enlisted in the U.S. Army after graduating from Wuerzburg High School in Germany. In 1978, he joined the U.S. Navy and then the Arkansas Army National Guard in 1999. His wife, Rocky, said, "The military was his whole life."

Yet to Sgt. Collier, who also worked full-time at night at Tyson Foods in Green Forest, the most important aspect of his life was his family. He had sent his 9-year-old son, Hunter, an Army action figure for his birthday last July from Iraq.

Sgt. Collier is survived by his wife, Rocky, and their son, Hunter, both of Harrison; two adult children, Mary Virginia and Wayne, who both live in North Carolina; and sister, Carolyn Pfaus, of Conway. His family and friends will remember a man dedicated to his family and the military, and we will remember a man who died a hero. Our prayers and gratitude go out to his family for the great service that Sgt. Collier rendered to our Nation.

SERGEANT THOMAS C. ROSENBAUM

Mr. President. I am honored to rise today in tribute to the life of Sergeant Thomas Chad Rosenbaum. Above all, Sgt. Rosenbaum was a beloved son, brother, friend and father. He was also one of the brave souls valiantly serving our Nation in Operation Iraqi Freedom. Tragically, he was killed on September 18, 2004, when his convoy came under attack while moving through Baghdad.

Sgt. Rosenbaum was born in the small town of Prescott, AR, and grew up in nearby Hope. He spent his youth, as many children do, participating in athletics and various extracurricular activities, playing pranks with his friends and collecting small turtles from the banks of nearby rivers with his parents and his brother. Today, he is remembered by his family and loved ones as an outgoing, fun-loving, and fearless young man who loved God, his family and his country. This love of country motivated him to enlist in the U.S. Army during his senior year of high school. He was assigned to the 1st Cavalry Division out of Fort Hood, Texas, and was deployed to Iraq in March.

In Iraq, Sgt. Rosenbaum served as a chemical specialist who also helped train Iraqi security forces in the use of firearms. Although he was originally scheduled to depart Iraq in May, his duty was extended until December. Weeks before his death, Sgt. Rosenbaum had the opportunity to return home on leave for 15 days to spend with his friends and family. Most of this time was spent with the person he called ''the love of his life,'' his 4 year-old son, Ty. Father and son would return to those same Caddo River banks he had known as a child and together they searched for small turtles. Today, Ty still has one of those turtles, whom he has named ''Milkshake,'' and whom he has kept as a reminder of the time spent with his father.

The loss of Thomas Rosenbaum is a tragic and sobering reminder of the terrible human sacrifice that war brings, and I am eternally grateful for his service to our Nation. Although he may no longer be with us, his spirit and his legacy lives on in each of us through the examples he set and the many lives he touched. My thoughts and prayers are with his son, Ty, his parents, Jackie and Donna, and the rest of his family, friends, and loved ones.

SERGEANT RONALD W. BAKER

Mr. President, I rise today with a heavy heart to pay tribute to the life of Sergeant Ronald W. Baker and to honor his sacrifice on behalf of a grateful Nation. Sgt. Baker was a loving man who cared deeply for his family and his friends. He was also a native Arkansan who cared deeply for his state and his country. Today, he is remembered as a devoted husband, father, brother, son, and friend. He is also remembered as a brave soldier who died a hero.

Sgt. Baker was born in the small Arkansas town of Searcy and later moved with his family to nearby Cabot. Wherever he went, Sgt. Baker quickly made friends and those who knew him best often talked of how his personality always seemed to draw others to him. His strong sense of family and community is what contributed to his decision to enlist in the Arkansas Army National Guard a month after the tragic events of September 11, 2001. He served as a member of the Guard's 39th Support Battalion based out of Lonoke and was later called up to serve as a specialist in Operation Iraqi Freedom. Along with many of his comrades in the 39th, he was stationed at Camp Taji, about 16 miles northwest of downtown Baghdad.

On October 7, Sgt. Baker volunteered for a supply mission that would convoy from Camp Taji to another camp nearby. While en route, a roadside bomb concealed in a parked car exploded as the convoy rode by with Sgt. Baker in the gunner's turret of a humvee. As a result of the blast, he sustained serious injuries and was immediately flown to Landstuhl Army Medical Center in Germany. Sgt. Baker's wife, Joanne, and his father, Wayne, were quickly flown in from Arkansas so they could be there to share in his last few moments. Although Sgt. Baker was never baptized, he had previously told his wife that he wanted to leave the world as a Christian. Before he passed away on October 13, Joanne would watch as an Air National Guard Chaplain baptized her husband and, in her words, permitted him to pass into a better place.

The day of his funeral was proclaimed as ''Sergeant Ronald Baker Day'' in his hometown. Those en route to his memorial ceremony at the Arkansas Veterans' Cemetery in North Little Rock drove under an arch made of ladders over the highway that hung a large American flag. It was a touching and fitting tribute, created by the Sherwood Fire Department, to honor one of Arkansas' fallen who paid the ultimate sacrifice in order to make those around him safer.

Along with a grateful Nation, my thoughts and prayers go out to Joanne; their 7-year-old daughter, Alexis; Harold and his mother Carolyn; his brother and sister; and to the rest of his family, friends and loved ones. Although Ronald Baker may no longer be with us, the lasting relationships he formed and the principles he fought for live on in all of us.

AIRMAN JESSE M. SAMEK

Mr. President, today, I am honored to rise in tribute to the life of Jesse M. Samek and am humbled to pay tribute to his service to our Nation.

Friends and family would remember Airman Samek for living a life of fun and happiness. While growing up in Missouri and Arkansas, he spent much of his time, as most children do, hanging out with his friends and playing sports. He also had a great love of the outdoors and enjoyed camping, hiking, hunting, fishing and snow- and water-skiing with friends and family. He would go on to graduate from Rogers High School in 2001 and attended the University of Arkansas.

It was clear to those who knew Airman Samek that he would succeed regardless of whatever path in life he chose to follow. He decided that path would ultimately be service to his country and he joined the United States Air Force in February of 2003. He was assigned to the 66th Rescue Squadron at Nellis Air Force Base, just outside of Las Vegas, and was deployed to Afghanistan in September.

While serving in Operation Enduring Freedom, Airman Samek never lost his perspective on life and was proud to do his part to bring security and freedom to a Nation that had seen nothing but war and instability. His family later said that he worked for months to become a member of an elite group that qualified him for rescue duty as a flight engineer on an HH–60 Para Rescue helicopter. Tragically, he died on October 21 from injuries he received when his helicopter crashed during a medical evacuation mission in northwestern Afghanistan. The aircraft was carrying a wounded Afghan election worker who was being transported for medical treatment and Airman Samek was treating him when the aircraft went down.

David Dezarov would make the final trip home with his friend's body. ''The hardest thing I've ever had to do was spend the last four days with him and not saying a word.'' On that flight from Atlanta to Tulsa, the pilot of the plane circled above Rogers for 10 minutes in tribute to that community's fallen hero. During the burial ceremony at Bella Vista Memorial Cemetery, Airman Samek's fellow Airmen would pay their last respects by flying over his casket in the same type of helicopter he once flew so proudly.

My thoughts and prayers are with his parents, Gavin and Julie; his brother, Benjamin; his grandparents, David and Jenny Burkemper; and the rest of his family and friends. Although he is no longer with us, may we find solace in the many lives he touched and the sacrifice he made on behalf of a grateful Nation. In the words of his mother, Jesse Samek was a hero; not for what he did, but for who he was.

TRIBUTE TO THE SOLDIERS OF THE 66TH INFANTRY DIVISION

Mr. BOND. Mr. President, today I join with my constituents in recognizing the brave men of the 66th Infantry Division.

Sixty years ago on November 15, 1944, the soldiers left from New York Harbor on the USAT *George Washington* without knowledge of their destination. It turned out the USAT *George Washington* brought the soldiers to England, where they were stationed at Southampton Harbor until Christmas Eve 1944.

On Dec. 16, 1944, the Nazis launched a desperate offensive in Belgium intended to split the Allied Forces. The fierce struggle became known as ''The Battle of the Bulge.'' As part of the allied response to this threat, on Christmas Eve 1944 over 2,000 American soldiers of the 66th Infantry Division stationed in England were rushed to Southampton, where they boarded the troopship SS *Leopoldville*. The troops were then transported across the English Channel, but just 5½ miles from their destination, Cherbourg, France, the vessel was torpedoed by the German submarine U–486.

Some of the soldiers were killed instantly, some went down with the ship, some safely jumped from the ship's rail to the rescue craft that pulled alongside, while others missed the jump, plunged into the waves and were crushed as the two vessels came together. Some drowned, some froze to death in the frigid 48-degree waters of the English Channel. In all, there were 763 American soldiers confirmed dead, representing sons, husbands, and fathers from 47 of then 48 States. There were three sets of brothers killed, including two sets of twins. The bodies of both sets of twins were among the 493 never found. Although over 1,400 soldiers survived, more than 500 were hospitalized with injuries or pneumonia. Missouri had 31 brave men who lost their lives that night. The *Leopoldville* disaster was the worst tragedy to eve befall an American Infantry Division as a result of an enemy submarine attack.

It is my ultimate honor to recognize the heroism of the survivors and the sacrifice of the dead. In the words of Eleanor Roosevelt, ''They are not dead who live in lives they leave behind. In those whom they have blessed they have life again.'' It is my hope that future generations of Americans remember the sacrifices and costs in human life made to preserve our liberties, and to instill in them an understanding of what it means to be an American.

TRIBUTE TO MAJOR GENERAL JAMES L. MURRAY

Mr. SESSIONS. Mr. President, I rise today in memory of Major General James L. Murray, U.S. Air Force (Ret.), and Aerospace Executive. Major General Murray was recently interred at Arlington National Cemetery. He served his country with honor and integrity, and should also be recognized for the numerous accomplishments of his half century career.

Although I was saddened to learn of Major General Murray's death, I am proud to have personally known him. This man was a great American, a man who loved his country, and a man who always put his country first. During his USAF career he logged over 5,500 hours as a pilot in over 60 different types of aircraft. He then went on to participate in the development of the thermal de-icing system, led the design and development of the ejection seat escape system, and managed the development of the B–52. Major General Murray was very dedicated to serving his country, and he clearly demonstrated this dedication while in the Air Force. Upon retirement he was awarded the Distinguished Service Medal, the highest honor the military conveys in peacetime.

Major General Murray continued to work toward strengthening our Nation after he retired. He led the way at Douglas Aircraft to develop the C–5 aircraft, which was a huge triumph of the time and it remains today a key part of our military's airlift capability. Major General Murray also demonstrated his extraordinary abilities while he was President and Chairman of Teledyne CAE, formerly Continental Aviation and Engineering. It was here that he led the work to produce the cruise missile engines for the U.S. military. The value of these incredibly capable precision weapons has been witnessed several times over the years, specifically in the first Gulf War.

Major General Murray and his wife, Phyllis Jennings Murray, made beautiful Point Clear, AL, on the eastern shore of Mobile Bay, their home in 1985. She survives him together with their seven children, nine grandchildren, and one great-grandchild. His family can know that they have been beneficiaries of a remarkable legacy.

Major General Murray led an extraordinarily productive life. All his powers and gifts, in the Air Force and in business, were given to strengthening the country he loved. There can be no doubt his life's work has made a tremendous contribution to a stronger America.

LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Enhancement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

On September 2, 1998, in New York City, three men assaulted two men they believed to be gay.

I believe that the Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

COPYRIGHT ROYALTY AND DISTRIBUTION REFORM ACT, H.R. 1417

Mr. LEAHY. I am pleased that in the waning days of the 108th Congress we can send H.R. 1417, the Copyright Royalty and Distribution Reform Act of 2004, to the White House for the President's signature. I wish to thank Senator HATCH, as his chairmanship of the Judiciary Committee comes to a close, for the important work we have done over the years to strengthen our Nation's intellectual property laws. When two Senators from different parties can collaborate as productively as we have on these issues, the legislative process is working the way it should.

This bill has been a massive, bicameral undertaking. Many of the provisions were technically complex, and extensive negotiations were necessary in order to iron out some of the more difficult provisions. In all of these details, recognition is owed to our colleagues in the House for ensuring that obstacles to this bill's passage did not become roadblocks. Chairman SENSENBRENNER, in particular, played a crucial role in the development of this bill and in helping to pilot it through the other Chamber. Likewise, I wish to express my gratitude for the time, energy, and thoughtful contributions of Congressman CONYERS, Congressman SMITH, and Congressman BERMAN, without whom the result we have achieved today would simply not have been possible.

The Copyright Royalty and Distribution Reform Act will modernize and improve the process by which certain royalty rates, such as those for small webcasters, are determined.

As early as 2002, I noted in a Judiciary Committee hearing that there was widespread dissatisfaction with the current CARP procedures. Among some of the complaints, the Committee heard that many small webcasters could not afford to take part in CARP proceedings, despite their livelihoods hinging on the outcome. We also heard of many of the structural problems that plagued the process. In addition, I have been concerned that the current procedures are often hindered by unreasonable delays, and the outcomes subject to manipulation.

The Copyright Royalty and Distribution Reform Act responds to these concerns. It replaces arbitrators with full-time administrative judges, alleviating the massive financial burden of taking part in a CARP proceeding, and providing the process with continuity and stability. This bill also resolves long-standing disputes over the availability of discovery. Because discovery is available where it is needed, the Copyright Royalty Judges will have the information necessary to render a correct determination, but the costs of discovery will be kept to a minimum. Finally, this bill preserves the traditional role of the Register of Copyrights.

Again, I wish to thank my colleagues in the Senate and in the House for their hard work in guiding into law this important, complex piece of legislation. We work best when we work together, and I hope that in the final product of the CARP bill we will see reason to develop legislation across party lines, and between chambers, in the next Congress.

HONORING THE CAREER OF JERRY KLECZKA

Mr. FEINGOLD. Mr. President, today I would like to honor and thank U.S. Representative JERRY KLECZKA for his outstanding service to the people of Milwaukee as he retires from Congress.

For nearly 20 years, JERRY has served tirelessly representing Wisconsin's 4th district. The native of Milwaukee's south side got an early start in Wisconsin politics. He was elected to the State legislature in 1969 when he was just 24 years old. He served in the State assembly for 5 years before moving to the State senate in 1975. During his time there, JERRY served with distinction as chairman of the powerful Joint Finance Committee and as assistant majority leader.

In 1984, JERRY was elected to the U.S. House of Representatives where he would go on to serve 10 terms. During his tenure, JERRY successfully passed legislation banning ''drive-thru'' baby deliveries and worked hard to protect seniors living in public housing from physical harm. Thanks to his hard work, Milwaukee became the first city in the Nation to provide elderly-only public housing. JERRY leaves the House as a member of the influential Committee on Ways and Means, where he fought for Social Security and affordable health care.

JERRY has embodied Wisconsin's progressive tradition during his 35 years of public service. The son of a factory worker, JERRY always stayed true to the hardworking Wisconsin families who counted on him to fight for them in Congress. He developed a trusting and open relationship with his Milwaukee constituency and is widely known for his superior constituent services. JERRY's unquestionable dedication and hard work will be truly missed. Not only am I thankful for the time we have served together in the U.S. Congress, but I am grateful for our friendship that goes back to our days spent together in the Wisconsin Legislature. Wisconsin will forever appreciate JERRY's 35 years of public service. I wish him the best of luck in all of his future pursuits.

OCEAN AND COASTAL MAPPING INTEGRATION ACT OF 2004

Mr. INOUYE. Mr. President, I rise in support of my bill, S. 2489, the Ocean and Coastal Mapping Integration Act of 2004, which is being considered by the Senate. This bill which was reported unanimously from the Commerce Committee, addresses the nearly 90 percent of the U.S. Territorial Sea and Exclusive Economic Zone that remain unmapped by modern technologies. I am pleased to be joined by my friends and colleagues, Senators TED STEVENS, FRITZ HOLLINGS, JUDD GREGG, OLYMPIA SNOWE, TRENT LOTT, JOHN BREAUX, FRANK LAUTENBERG, and DAN AKAKA, who are cosponsors of the bill.

There was a time in the history of our Nation when our best efforts to map the seas meant lowering weights tied to piano wire over the side of a vessel, and measuring how deep they went. These efforts led to the development of rudimentary nautical charts designed to help mariners navigate safely. The rapidly increasing uses of our coastal and ocean waters, however, call for development of a new generation of ecosystem-oriented mapping and assessment products and services.

The technologies of today create richly layered mapping products that expand far beyond just charting for safe navigation. Now, by combining such information as mineral surveys of the U.S. Geological Service, habitat characterizations of the National Oceanic Atmospheric Administration, and watershed assessments of the Environmental Protection Agency into a single product, map users are able to consider the impacts of their actions on multiple facets of the marine environment.

The recent draft report of the U.S. Commission on Ocean Policy has highlighted the urgent need to modernize, improve, expand, and integrate federal mapping efforts to improve navigation, safety and resource management decision making. By employing integrated mapping approaches, urban and residential growth can be directed away from areas of high risk from ocean-based threats such as tsunami and tidal surge. The risks of maritime activities can be minimized by identifying hazards that could impact sensitive ecosystems, and devising appropriate mitigation plans. Managers of living marine resource can also gauge where and how best to focus their efforts to restore essential marine habitats.

My bill will lay the foundation for producing the ocean maps of the 21st century. It mandates coordination among the many federal agencies with mapping missions with NOAA as the lead in developing national mapping priorities and strategies. The bill will also establish national ocean and coastal mapping centers to manage comprehensively the mapping data produced by the Federal Government, encourage innovation in technologies, and authorize the funding necessary to implement this comprehensive effort.

Perhaps the most important lesson that comprehensive, integrated mapping can afford is an awareness of a web of human marine communities as rich and varied as the ocean itself. From awareness grows understanding, respect, and cooperation.

I am extremely proud to be the author of this legislation, and hope you will join me in supporting enactment of the Ocean and Coastal Mapping Integration Act of 2004. This bill will provide the United States with the programs and resources necessary to improve maritime commerce and national security, and develop healthy coastal communities across the Nation.

VETERANS DAY 2004

Mr. FEINGOLD. Mr. President, last week, on November 11, the Nation paused to honor those brave Americans who have so selflessly served our country in the Armed forces. For more than 200 years, men and women have proudly worn the uniform of the United States. In peacetime and in wartime, these men and women have served and sacrificed on our behalf, often far away from their homes and from their families. Too many of them have made the ultimate sacrifice. We owe them—and their families—our deepest, heartfelt gratitude.

As we marked Veterans Day here in the United States with appropriate ceremonies and recognitions, men and women from Wisconsin and across our country were serving on our behalf in Iraq, Afghanistan, and elsewhere. Their dedication to this great country—like that of those who served before them—should inspire us all.

We owe these brave men and women our gratitude, and we also owe them our best efforts to ensure that they know about and receive the Federal benefits and services that they have earned through their service to our country. I have long been concerned that to many veterans and military personnel are unaware of benefits and programs that are available to them through the Departments of Veterans Affairs and Defense and a number of other Federal agencies. I will continue my work to ensure that all veterans know about the benefits for which they may be eligible. I will also continue to support efforts to fully fund VA health care programs so that all veterans who wish to take advantage of their health care benefits are able to do so. No veterans should have to wait months to see a doctor or should be told that he or she is barred from enrolling in the VA health care system because of a lack of funding.

In addition, I am committed to ensuring that our current military personnel receive adequate health care and transition services, including mental health services, as they return from deployments and when they return to civilian life. I am pleased that the recently enacted defense authorization bill for fiscal year 2005 includes a provision that I authored which represents a first step toward enhancing and strengthening transition services that are provided to our military personnel. My provision requires the Government Accountability Office to undertake a comprehensive analysis of existing transition services for our military personnel that are administered by the Departments of Defense, Veterans Affairs, and Labor and to make recommendations to Congress on how these programs can be improved. This study will focus on two issues: how to achieve the uniform provision of appropriate transition services to all military personnel, and the role of post-deployment and pre-discharge health assessments as part of the larger transition program.

I have heard from a number of Wisconsinites and members of military and veterans service organizations that our men and women in uniform do not all have access to the same transition counseling and medical services as they are demobilizing from service in Iraq, Afghanistan, and elsewhere. I have long been concerned about reports of uneven provision of services from base to base and from service to service. All of our men and women in uniform have pledged to serve our country, and all of them, at the very least, deserve to have access to the same services in return. This GAO study will help us to have a better picture of the services that are being provided and what needs to be done to improve these important programs, and I look forward to reviewing it.

We should honor America's brave veterans and their families not only on Veterans Day, but throughout the year. As we reflect upon the meaning of this day, let us keep all of our veterans and their families in our thoughts. These men and women are examples of the best that our country has to offer, and they deserve our support both during times of conflict and after the battles have ended and our troops have come home.

JIM MARKS

Mr. KENNEDY. Mr. President, I welcome this opportunity to pay tribute to Jim Marks for his many years of dedicated public service at the Centers for Disease Control and Prevention as he prepares to take up an eminent new position as senior vice president and director of the Public Health Group and the Robert Wood Johnson Foundation.

Dr. Marks is a pediatrician and former Assistant Surgeon General who began his career more than 20 years ago at the CDC. He has worked effectively in the areas of birth defects prevention, reproductive health, nutrition, and health promotion and education, and rose through the ranks at CDC to a position of renown as one of America's leading experts on disease prevention. He was named director of the National Center for Chronic Disease Prevention and Health Promotion in 1995, and this year he became the acting director of the CDC's Coordinating Center for Health Information and Service.

Dr. Marks has significantly improved public health through his leadership on critical health issues facing the Nation. He was instrumental in achieving the most impressive recent accomplishment in tobacco control and prevention: The decline in adolescent smoking after nearly a decade of rising rates of smoking in the 1990s. Under Dr. Marks' direction, CDC increased its commitment to reduce and prevent smoking, and transformed a piecemeal State-by-State approach into a true national effort. CDC developed standards for best practices and created the National Tobacco Control Program, which provides funds and technical support to State health departments. Under his leadership, 4 Surgeon General reports were released that highlight the full scope of tobacco-related deaths and disease. As a result of these efforts, cigarette sales dropped and States achieved a reduction in tobacco-related deaths from both lung cancer and heart disease. The CDC also now works closely with the World Health Organization to conduct the Global Youth Tobacco Survey, which is active in more than 160 countries and will be invaluable in developing the first international public health treaty.

On cancer, Dr. Marks has helped spearhead efforts to prevent cancer and promote early detection. Under his direction and with the support of Congress, the Division of Cancer Prevention and Control has grown from approximately $123 million to over $313 million.

Several specific accomplishments under Dr. Marks' leadership are worth mentioning. The National Breast and Cervical Cancer Early Detection Program has helped uninsured and underinsured women obtain lifesaving screening and diagnostic testing for early detection. The program has achieved nearly 5 million screenings, and diagnosed 17,000 breast cancers, 61,000 precancerous cervical lesions, and 1,100 cervical cancers.

The National Program of Cancer Registries has been expanded to cover 96 percent of the Nation's population. The information gathered by the program is important for tracing cancer patterns and monitoring cancer trends. It guided State planning and State evaluation of cancer control programs and helps States to set priorities. It is also useful in planning clinical research and research on health and on epidemics. The data contributed as well to producing the official Federal report, "U.S. Cancer Statistics: 2000 Incidence."

The National Comprehensive Cancer Control Program was developed and has been expanded to 61 programs in States, territories and tribes, enabling local health agencies to establish broad-based cancer control coalitions.

Last year, under Dr. Marks, the plan called "A National Action Plan for Cancer Survivorship: Advancing Public Health Strategies" was developed in collaboration with the Lance Armstrong Foundation and national experts in cancer survivorship and public health. The Action Plan charts a course to enable the public health community to focus more effectively on cancer survivorship and on improving the quality of life for survivors.

In addition, Dr. Marks has emphasized science-based nutrition and physical activity as part of a greater effort to deal with the current epidemic of obesity in our Nation. He enthusiastically embraced the idea of a unique CDC partnership with the world of commercial youth marketing, which led to the so-called VERB Campaign, to move American youth off the couch and into healthy activities. The VERB campaign is a "for kids/by kids" voice to reach youth between the ages of 9 and 13 with "cool" messages to discover the fun of being physically active—and do it "anywhere, anytime, and any way." As a result, after 1 year, 74 percent of this youth now recognize and like the VERB brand.

Dr. Marks has been an outstanding leader on the major public health issues of our time. His pioneering work has improved the health of communities across the Nation and improved the quality of life for countless families and children. His strong commitment and wise counsel have educated all of us in Congress. I wish him well, and I look forward to his continuing leadership with the Robert Wood Johnson Foundation.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

THE DEATH OF JANE E. MITCHELL

• Mr. BIDEN. Mr. President, I wish to honor the life of a truly great woman, Jane E. Mitchell. She passed away on Saturday, November 13, after 83 years of standing up for the rights of others. Her impact on the State of Delaware is profound, and her spirit everlasting.

Many in Delaware know Jane Mitchell as the wife of Littleton "Lit" Mitchell, Delaware's first African-American lawyer and a remarkable force in the civil rights movement. With all of his astounding accomplishments, though, Lit never made a decision without talking it over with Jane. She may not have had his public profile, but she certainly knew the intricacies of the issues and just how much was at stake.

Far beyond her role as the wife of an influential man, Jane Mitchell was an extraordinary person in her own right. Her life is a story of achievement—each one greater than the last. In her nursing career, Jane began making history by being the first African-American at Delaware State Hospital to treat both black and white patients. Her career led her to become the first African-American nursing director in the State, and she was eventually the president of the State Board of Nursing and vice-president of the Delaware Nurses Association before her retirement.

After retiring, Jane Mitchell devoted her life to volunteering. Her causes were numerous, and she was passionately committed to each. She continued her work in medicine and civil rights, and became a powerful voice in the fight to improve the treatment of the mentally ill. In 1998, a building was erected in her name at the Delaware Psychiatric Center.

Jane E. Mitchell has been described as a pioneer, a trailblazer and a heroine. She devoted her life to promoting the welfare of others. Whether it was in her role as nurse, advocate, volunteer or wife and mother, Jane never wavered in her enthusiasm for doing good and making a difference. I am saddened by her passing, yet she continues to inspire me. Jane Mitchell's legacy is great, and I am honored to recognize her today.•

ADDITIONAL STATEMENTS

JENNIFER STEENSEN FIELD OF DREAMS THERAPEUTIC RIDING PROGRAM

• Mr. HARKIN. Mr. President, I ask the U.S. Senate to join me in saluting the Jennifer Steensen Field of Dreams Therapeutic Riding Program of Granger, IO. This outstanding program provides therapeutic riding and driving programs for individuals with physical and mental disabilities and children in at-risk situations.

The program has provided over 2000 hours of horseback riding lessons to clients aged two to 80 with disabilities that include cerebral palsy, intellectual disabilities, spinal bifida, blindness, ADHD, learning disabilities and brain injury. On average, 80 individuals participate in this program every year.

I would like to pay tribute to the dedicated volunteers who make this program successful. One such individual is Lisa Quam, who volunteers once a week at the stables to share her laughter and love of horses with the riders. Matthew Vujnovich of Des Moines is one of the many clients who have benefited from the time and talents of the program's volunteers. Matthew has autism and Lisa's friendship and guidance with the horses has helped develop his fine motor skills, muscles and independence.

I am dedicated to the principles of the Americans with Disabilities Act: equality of opportunity, full participation, independent living, and economic self-sufficiency for millions of Americans with physical and mental disabilities. The Jennifer Steensen Field of Dreams Therapeutic Riding Program advances these principles and helps clients develop critical life-skills. I applaud their efforts and thank them for all that they have accomplished.●

ZACH HEBL'S ACHIEVEMENT ON BEHALF OF PEOPLE WITH DISABILITIES

● Mr. HARKIN. Mr. President, as we all know, this is an election year. Whether you are a Democrat or a Republican, both parties recognize the importance of civic engagement this year. That is why I want to recognize the efforts of Zach Hebl, an Eagle Scout from Cedar Township, IA. When 15-year-old Zach learned that his parents' polling location was not accessible to people with disabilities, he coordinated an effort to construct a sidewalk, parking lot, and wooden access ramp at Cedar Township Hall, a Johnson county polling location, so that everyone in his precinct had an equal opportunity to cast their ballot.

Zach's achievement is particularly important because as of September of 2003, there were approximately 300 precincts in Iowa that did not meet the standards of the Americans with Disabilities Act. Without renovation, these locations will shut down in 2006 and close their doors to voters. Thanks to Zach, Cedar Township Hall was the first site to be removed from this list. I would like to print in the RECORD this article from the Cedar Rapids Gazette which describes Zach's project in greater detail.

The article follows:

Cedar Rapids Gazette, August 26, 2003:

Fifteen-year-old Zach Hebl didn't want to see the one-room schoolhouse become just a symbol of the past.

The old schoolhouse, which closed in the 1950s, has served as the township's polling place for at least 60 years but was in danger of no longer being an allowable voting site because it failed to meet Americans With Disabilities Act, or ADA, requirements.

That's when Hebl got the idea to bring the old building up to current standards by building a ramp and deck onto the building.

"I've always figured I could be voting here one day and wanted to do something so that I could do that," said Hebl, who lives on a farm in Cedar Township about two miles south of the schoolhouse.

Hebl began working on the project, which he will use as an Eagle Scout project, in mid-April. He developed plans for multiple ramps and made a presentation to the Cedar Township Board of Trustees. He researched the ADA requirements and prepared cost estimates. By mid-July, both the Scouts and trustees approved the project.

"We were glad somebody came along to take this project over," said Don Brannaman, a trustee who has lived in Cedar Township for 55 years. "We were going to have to find a way to do this."

Hebl worked with his Eagle Scout adviser, Jim Jacob, 51, a structural engineer with Van Winkle-Jacob Engineering in Coralville, to conduct site elevations and choose the best design.

"This building has got a lot of significance," said Jacob, who lives in Cedar Township and has voted at the building since 1983. "If people couldn't vote here, nobody would take care of the building, and it would fall into disrepair."

On Saturday, it was evident many residents didn't want that to happen. A group of 25 kids, mostly fellow members of Troop 120, and 19 adults arrived at the job site to help build the 24-foot-long ramp and deck. Installation of the posts began Friday, and the final touch on the project, a large concrete parking slab and sidewalk to the ramp, will be installed in September.

"We wouldn't want to vote anyplace else," said Loretta Basten, 58, who attended the one-room schoolhouse until third grade when it closed in the 1950s. She was bringing snacks to the site.

"There are students who go to college and come back just so they can cast a ballot here," Basten said.

In August, Chet Culver, Secretary of the State of Iowa, and I had the privilege of attending a ribbon-cutting ceremony for the new polling place. There to support Zach were his parents, Boy Scout Troop 120, and many members of the community. It was a proud moment for Cedar Township as Zach cut that ribbon. He is a wonderful example of how one person can truly impact a community simply by acting upon an idea.

As the author of the ADA, I am always glad to see progress toward its four great goals—equality of opportunity, full participation, independent living, and economic self-sufficiency for individuals with disabilities. Zach's work is critical to ensuring equality in voting and full participation in our democratic system, which formerly was not available to the people in his County and still is not available for many Iowans. Even though Zach is too young to vote, he serves as a role model to Eagle Scouts and young people across the country. He proves that one person can make a tremendous difference.●

HONORING LT. COLONEL JOHN McCANCE, USAF

● Mr. MILLER. Mr. President, I rise today to pay tribute to Lt. Colonel John McCance, who will complete his 3-year tour of duty with the United States Air Force's Office of Legislative Affairs at the end of this year.

Most people don't know that our services have liaison offices within Congress. Even many servicemembers don't know these offices exist. And, yet, they are a vital link between the United States Senate and the Department of Defense.

Liaison officers are chosen because of their wealth of knowledge, ability to handle a pressure-packed environment with high-maintenance staffers, and their discernment in making tough decisions. They generally have significant experience and a long track record of outstanding performance. Simply put, Service liaisons are the best of the best.

The Air Force has been fortunate to have Lt. Colonel John McCance as a vital member of its liaison team here in the Senate. He has demonstrated the superior caliber and quality of Air Force officers with which we are all familiar. I know I speak for many of my fellow Members in expressing our profound regret at his departure. Yet I know that the Air Force Reserve has many good things planned for John and that our country will surely benefit from his experience in his future assignments.

On behalf of the Senate, I thank John McCance for his service to the Nation and to the United States Air Force Reserve, and I thank his wife, Wendy, and his daughters, Lauren and Katie, for their steadfast support while he fulfilled this essential duty. We in the U.S Senate, and I personally, wish them all the best as Lt. Colonel McCance returns to his civilian career and tackles new challenges.●

TRIBUTE TO WAYNE BERRY

● Mrs. HUTCHISON. Mr. President, I rise today to take this opportunity to honor Wayne Berry from Dallas, TX, as he celebrates his 50th anniversary working for Lockheed Martin Missiles and Fire Control and its predecessor companies on November 3, 2004.

In 1954, at the age of 24, Mr. Berry began his career with Lockheed Martin as a machinist from Temco Electronics and Missiles. After graduating from the University of Texas at Arlington in 1968, he joined the Environmental Test Lab as an Environmental Test Technician. Over the next 38 years, Mr. Berry contributed significantly to the growth of the Environmental Test Lab and, for the past 10 years, he has been assigned responsibilities as Quality Engineering Project Manager.

Over his tenure, Mr. Berry has set a high standard with his dedication to his job and has acquired knowledge and experience which has been valuable to his company and its work for the United States government. Fifty years with an organization is a remarkable testament of this tireless Texan. I know my colleagues will join me in honoring Mr. Berry on his accomplishments and wishing him continued success with Lockheed Martin.●

TRIBUTE TO CHARLES WOODS

● Mr. SESSIONS. Mr. President, I rise to commemorate the recent death of one of Alabama's most remarkable men, Charles Woods of Dothan, AL. Mr. Woods, who was 83 years old, died October 17 in Dothan after an extended illness. Mr. Woods lived an extraordinary life. Orphaned until age 6, he worked hard and became a decorated World War II pilot who was severely burned in a plane crash in India as he and his crew were on their way to China over the Himalayan Mountains. Mr. Woods was riding as check pilot in a C–109 supply aircraft when the accident occurred. The plane crashed off the end of the runway, and Captain Woods was able to open the window on his side of the cockpit and stumble away from the flaming aircraft. The training pilot and two other crew members perished. That crash left Mr. Woods scarred but not beaten. His powerful drive to survive his burns was the same drive that made him a highly successful businessman.

After the war, Mr. Woods established successful real estate and media businesses that included the launching of Dothan's first television station, WTVY–TV. Still, he had a deep interest in politics and ran a number of high profile races that did not lead to victory but captured the attention of the people of Alabama and certainly his opponents. I well remember as a teenager watching his dramatic story produced as part of his first campaign for Governor. It was a powerful piece. I believe this early ''infomercial'' was a breakthrough in political campaigning and now, with the advent of cable television, has become more common.

He ran a strong race for the U.S. Senate in 1996 and his surge in the polls got the attention of all of us in that Republican primary. After I got in the runoff, I was very pleased that he chose to immediately endorse my candidacy. He was gracious and affirming. I valued that highly because everyone knew that Charles Woods was a courageous and independent minded person whose goal was to improve the lives of all Alabamians. His endorsement gave my campaign a real boost. Since that time, I had the opportunity to talk with him on a number of occasions, to appreciate his insight and decisiveness, and to become friends. He spoke to me of his faith on more than one occasion.

Mr. Woods' 10 children, 17 grandchildren and one great grandchild have received a tremendous legacy. Charles Woods was truly a giant of a man who overcame tremendous adversity to achieve extraordinary things. His was an American story of almost unbelievable achievement.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND JAPAN ON SOCIAL SECURITY—PM 96

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Finance:

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (Public Law 95–216, 42 U.S.C. 433 (e)(1)), I transmit herewith the Agreement between the United States of America and Japan on Social Security, which consists of two separate instruments: a principal agreement and an administrative arrangement. The Agreement was signed at Washington on February 19, 2004.

The United States-Japan Agreement is similar in objective to the social security agreements already in force with Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, Korea, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Such bilateral agreements provide for limited coordination between the United States and foreign social security systems to eliminate dual social security coverage and taxation, and to help prevent the lost benefit protection that can occur when workers divide their careers between two countries. The United States-Japan Agreement contains all provisions mandated by section 233 and other provisions which I deem appropriate to carry out the purposes of section 233, pursuant to section 233(c)(4).

I also transmit for the information of the Congress a report prepared by the Social Security Administration explaining the key points of the Agreement, along with a paragraph-by-paragraph explanation of the provisions of the principal agreement and the related administrative arrangement. Annexed to this report is the report required by section 233(e)(1) of the Social Security Act, a report on the effect of the Agreement on income and expenditures of the United States Social Security program and the number of individuals affected by the Agreement.

The Department of State and the Social Security Administration have recommended the Agreement and related documents to me.

I commend to the Congress the United States-Japan Social Security Agreement and related documents.

GEORGE W. BUSH.

THE WHITE HOUSE, *November 17, 2004.*

REPORT RELATIVE TO THE NON-SUITABILITY OF THE SQUIRREL RIVER IN ALASKA AS AN ADDITION TO THE NATIONAL WILD AND SCENIC RIVERS SYSTEM—PM 97

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

I transmit herewith the enclosed study, findings, and report for the Squirrel River in Alaska. The report and my recommendations are submitted pursuant to my authority under Article II, section 3, of the Constitution of the United States, and consistent with section 5(a) of the Wild and Scenic Rivers (WSR) Act, Public Law 90–542, as amended. The Squirrel River suitability study was authorized by Public Law 96–487 (Alaska National Interest Lands Conservation Act).

The study conducted by the Bureau of Land Management determined that all 100 miles of the river are nonsuitable for inclusion in the National WSR System. Consistent with the study, I recommend that the Congress take no action to designate the river. The withdrawal provided by section 5(a) of the WSR Act would expire within 3 years of the date of this message (unless other action is taken by the Congress). Approximately 81,501 acres of State-selected lands would be opened to mineral entry although mineral potential has been assessed as very low and there are no past or active mining claims.

GEORGE W. BUSH.

THE WHITE HOUSE, *November 17, 2004.*

MESSAGE FROM THE HOUSE

At 3:21 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 110. Joint resolution recognizing the 60th anniversary of the Battle of the Bulge during World War II.

The message also announced that the House has passed the following bills, without amendment:

S. 2214. An act to designate the facility of the United States Postal Service located at 3150 Great Northern Avenue in Missoula, Montana, as the ''Mike Mansfield Post Office''.

S. 2640. An act to designate the facility of the United States Postal Service located at 1050 North Hills Boulevard in Reno, Nevada, as the ''Guardians of Freedom Memorial Post Office Building'' and to authorize the installation of a plaque at such site, and for other purposes.

S. 2693. An act to designate the facility of the United States Postal Service located at 1475 Western Avenue, Suite 45, in Albany, New York, as the ''Lieutenant John F. Finn Post Office''.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 4818) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2005, and for other purposes, and agree to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints the following members as the managers of the conference on the part of the House.

From the Subcommittee on Foreign Operations, Export Financing, and Related Programs of the Committee on Appropriations, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. KOLBE, Mr. KNOLLENBERG, Mr. LEWIS of California, Mr. WICKER, Mr. BONILLA, Mr. VITTER, Mr. KIRK, Mr. CRENSHAW, Mrs. LOWEY, Mr. JACKSON of Illinois, Ms. KILPATRICK, Mr. ROTHMAN, and Ms. KAPTUR.

From the Committee on Appropriations, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. YOUNG of Florida, Mr. REGULA, Mr. HOBSON, Mr. OBEY, and Mr. VISCLOSKY.

The message also announced that pursuant to section 1 of the Library of Congress Trust Fund Board Act (2 U.S.C. 154 note), and the order of the House of December 8, 2003, the Speaker appoints the following members on the part of the House of Representatives to the Library of Congress Trust Fund Board, each for a 5-year term: Mr. Edwin L. Cox of Dallas, Texas, and Mr. Anthony Welters of Vienna, Virginia.

The message further announced that pursuant to section 703 of the Social Security Act (42 U.S.C. 903 note), the order of the House of December 8, 2003, and with the advice of the Chairman of the Committee on Ways and Means, on October 9, 2004, the Speaker reappointed the following members on the part of the House of Representatives to the Social Security Advisory Board for a 6-year term to fill the existing vacancy thereon: Mrs. Doreas R. Hardy of Spotsylvania, Virginia.

The message also announced that pursuant to section 301 of the Congressional Accountability Act of 1995 (2 U.S.C. 1381), amended by Public Law 108–329, and the order of the House of December 8, 2004, the Speaker and Minority Leader of the House of Representatives and the Majority and Minority Leaders of the United States Senate announce their joint reappointment on October 27, 2004, of the following individuals to a 5-year term to the Board of Directors of the Office of Compliance: Mr. Alan V. Friedman of Los Angeles, California, Ms. Susan S. Robfogel of Rochester, New York, and Ms. Barbara Childs Wallace of Ridgeland, Mississippi.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC–9745. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to the Case-Zablocki Act, 1 U.S.C. 112b, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–9746. A message from the President of the United States, transmitting, pursuant to law, a report of the continuation of the national emergency regarding weapons of mass destruction; to the Committee on Banking, Housing, and Urban Affairs.

EC–9747. A message from the President of the United States, transmitting, pursuant to law, a report of the continuation of the national emergency with respect to Iran; to the Committee on Banking, Housing, and Urban Affairs.

EC–9748. A communication from the Associate General Counsel for Legislation and Regulations, Office of the Assistant Secretary for Housing, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''HUD's Housing Goals for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) for the Years 2005–2008 and Amendments to HUD's Regulations of Fannie Mae and Freddie Mac'' (RIN2501–AC92) received on November 4, 2004; to the Committee on Banking, Housing, and Urban Affairs.

EC–9749. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled ''Evaluation of Medicare's Competitive Bidding Demonstration for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies''; to the Committee on Finance.

EC–9750. A communication from the Regulations Coordinator, Centers for Medicare and Medicaid Services, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule for CY 2005'' (RIN0938–AM90) received on November 15, 2004; to the Committee on Finance.

EC–9751. A communication from the Regulations Coordinator, Centers for Medicare and Medicaid Services, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Medicare Program; Prospective Payment System for Inpatient Psychiatric Facilities'' (RIN0938–AL50) received on November 15, 2004; to the Committee on Finance.

EC–9752. A communication from the Regulations Coordinator, Centers for Medicare and Medicaid Services, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Medicare Program; Changes to the Hospital Outpatient Prospective Payment System and Calendar Year 2005 Payment Rates'' (RIN0938–AM75) received on November 15, 2004; to the Committee on Finance.

EC–9753. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to the Case-Zablocki Act, 1 U.S.C. 112b, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–9754. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to the Case-Zablocki Act, 1 U.S.C. 112b, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–9755. A communication from the Chairman, Occupational Safety and Health Review Commission, transmitting, pursuant to law, the report of the Office of Inspector General for fiscal year 2004; to the Committee on Governmental Affairs.

EC–9756. A communication from the Special Counsel, Office of Special Counsel, transmitting, pursuant to law, a report relative to the Federal Managers' Financial Integrity Act/Inspector General Act Reports; to the Committee on Governmental Affairs.

EC–9757. A communication from the Archivist, National Archives and Records Administration, transmitting, pursuant to law, the inventory of the Administration's commercial and inherently governmental activities; to the Committee on Governmental Affairs.

EC–9758. A communication from the Director, Office of Personnel Management, Division for Strategic Human Resources Policy, transmitting, pursuant to law, the report of a rule entitled ''Premium Pay Limitations'' received on October 14, 2004; to the Committee on Governmental Affairs.

EC–9759. A communication from the Administrator, Environmental Protection Agency, transmitting, pursuant to law, the Agency's report of the Office of Inspector General for the period from October 1, 2003 through March 31, 2004; to the Committee on Governmental Affairs.

EC–9760. A communication from the Auditor of the District of Columbia, transmitting, pursuant to law, a report entitled ''Ineffective Management, Poor Internal Controls, and Inadequate Financial Oversight Found Within the District's Subsidized Child Care Program; to the Committee on Governmental Affairs''; to the Committee on Governmental Affairs.

EC–9761. A communication from the Auditor of the District of Columbia, transmitting, pursuant to law, a report entitled ''Audit of Advisory Neighborhood Commission 7B for Fiscal Years 2001 Through 2004 as of June 30, 2004''; to the Committee on Governmental Affairs.

EC–9762. A communication from the Auditor of the District of Columbia, transmitting, pursuant to law, a report entitled ''Analysis of the Office of the Chief Financial Officer's Exception Account for Fiscal Years 2003 and 2004, as of June 30, 2004''; to the Committee on Governmental Affairs.

EC–9763. A communication from the Auditor of the District of Columbia, transmitting, pursuant to law, a report entitled ''Results of the Auditor's Examination of the Processes Leading to the Award of a Sole Source, Non-Competitive Contract, and Blanket Purchase Agreement to Curtis Lewis & Associates''; to the Committee on Governmental Affairs.

EC–9764. A communication from the Director, Center for Employee and Family Support Policy, Office of Personnel Management, transmitting, pursuant to law, the report of a rule entitled ''Federal Employees Health Benefits Children's Equity'' (RIN3206–AJ34) received on October 25, 2004; to the Committee on Governmental Affairs.

EC–9765. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a report relative to the Administration's Fiscal Year 2005 Capital Investment and Leasing Program; to the Committee on Governmental Affairs.

EC–9766. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a report relative to the Administration's Fiscal Year 2005 Capital Investment and Leasing Program; to the Committee on Governmental Affairs.

EC–9767. A communication from the Senior Procurement Executive, Office of the Chief Acquisition Officer, National Aeronautics and Space Administration, transmitting, pursuant to law, the report of a rule entitled ''Federal Acquisition Regulation; Federal Acquisition Circular 2001–25'' (FAC 2001–25) received on October 26, 2004; to the Committee on Governmental Affairs.

EC–9768. A communication from the Auditor of the District of Columbia, transmitting, pursuant to law, a report entitled ''Effectiveness of the Special Nutrition and Commodities Distribution Program Was Hindered by Lax Management and Inadequate Oversight by Other Agencies''; to the Committee on Governmental Affairs.

EC–9769. A communication from the Executive Director, United States Access Board, transmitting, pursuant to law, the Board's report under the Inspector General Act and the Federal Managers' Financial Integrity Act for fiscal year 2004; to the Committee on Governmental Affairs.

EC–9770. A communication from the Special Counsel, Office of Special Counsel, transmitting, pursuant to law, a report relative to the last full year of operations under the previous Special Counsel; to the Committee on Governmental Affairs.

EC–9771. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting, pursuant to law, the report of a rule entitled ''Over-the-Counter Human Drugs; Labeling Requirements; Delay of Implementation Date'' (RIN0910–AA79) received on October 14, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9772. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting, pursuant to law, the report of a rule entitled ''Orthopedic Devices; Effective Date of Requirement for Premarket Approval for Hip Joint Metal/Polymer or Ceramic/Polymer Semiconstrained Resurfacing Cemented Prosthesis'' (Doc. No. 2003N–0561) received on October 14, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9773. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting, pursuant to law, the report of a rule entitled ''Listng of Color Additives Subject to Certification; D&C Black No . 2; Confirmation of Effective Date'' (Doc. No. 1987C–0023) received on October 14, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9774. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting, pursuant to law, the report of a rule entitled ''Medical Devices; Immunology and Microbiology Devices; Classification of the Beta-Glucan Serological Assay'' (Doc. No. 2004N–0370) received on October 14, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9775. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting, pursuant to law, the report of a rule entitled ''Medical Devices; Clinical Chemistry and Clinical Toxicology Devices; Classification of Sirolimus Test System Devices'' (Doc. No. 2004P–0354) received on October 14, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9776. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled ''Assets for Independence Demonstration Program: Status at the Conclusion of the Third and Fourth Years''; to the Committee on Health, Education, Labor, and Pensions.

EC–9777. A communication from the Regulations Coordinator, Administration for Children and Families, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Child Support Enforcement Program; Federal Tax Refund Offset'' (RIN0970–AC09) received on October 26, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–9778. A communication from the Secretary of Education, transmitting, pursuant to law, the Department of Education's Annual Report to Congress on Grants Streamlining; to the Committee on Health, Education, Labor, and Pensions.

EC–9779. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report relative to the effectiveness of programs assisted under the Lead Contamination Control Act of 1988; to the Committee on Health, Education, Labor, and Pensions.

EC–9780. A communication from the Assistant Attorney General, Department of Justice, transmitting, pursuant to law, the 2003 Annual Report of the National Institute of Justice; to the Committee on the Judiciary.

EC–9781. A communication from the Under Secretary and Director, Patent and Trademark Office, transmitting, pursuant to law, the report of a rule entitled ''Changes to Support Implementation of the United States Patent and Trademark Office 21st Century Strategic Plan'' (RIN0651–AB64) received on October 15, 2004; to the Committee on the Judiciary.

EC–9782. A communication from the Under Secretary and Director, Patent and Trademark Office, transmitting, pursuant to law, the report of a rule entitled ''New Mailing Addresses for Paper Submissions of Trademark-Related Correspondence and Madrid Protocol Rules Change'' (RIN0651–AB78) received on October 15, 2004; to the Committee on the Judiciary.

EC–9783. A communication from the General Counsel, Executive Office for Immigration Review, Department of Justice, transmitting, pursuant to law, the report of a rule entitled ''Section 212(c) Relief for Aliens With Certain Criminal Convictions Before April 1, 1970'' (RIN1125–AA33) received on October 18, 2004; to the Committee on the Judiciary.

EC–9784. A communication from the Director, Regulatory Management Division, Citizenship and Immigration Services, transmitting, pursuant to law, the report of a rule entitled ''Adding Actuaries and Plant Pathologists to Appendix 1603.D.1 of the North American Free Trade Agreement'' (RIN1615–AA38) received on October 18, 2004; to the Committee on the Judiciary.

EC–9785. A communication from the Secretary, American Battle Monuments Commission, transmitting, pursuant to law, the Commission's Fiscal Year 2004 Annual Report; to the Committee on the Judiciary.

EC–9786. A communication from the Under Secretary and Director, Patent and Trademark Office, transmitting, pursuant to law, the report of a rule entitled ''Waiver of Pixel Requirement for Drawings Filed Electronically'' (RIN0651–AB82) received on November 4, 2004; to the Committee on the Judiciary.

EC–9787. A communication from the National Service Officer, American Gold Star Mothers, Inc., transmitting, pursuant to law, the CPA audit of the American Gold Star Mothers, Inc., for the District of Columbia Tax Exemption; to the Committee on the Judiciary.

EC–9788. A communication from the Assistant Secretary for Legislative Affairs, Department of State, transmitting, pursuant to law, a report relative to the status of machine-readable passport programs in countries participating in the Visa Waiver Program; to the Committee on the Judiciary.

EC–9789. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Cyprodinil; Pesticide Tolerance'' (FRL#7682–1) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9790. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Mepanipyrim; Pesticide Tolerances'' (FRL#7681–8) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9791. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Revisions to the California State Implementation Plan, San Joaquin Valley Unified Air Pollution Control District'' (FRL#7818–6) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9792. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Colorado; Designation of Areas for Air Quality Planning Purposes, Steamboat Springs'' (FRL#7815–5) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9793. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Maryland, Control of VOC Emissions from Yeast Manufacturing'' (FRL#7819–7) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9794. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Maryland; Redesignation of Kent and Queen Anne's Counties Ozone Nonattainment and Approval of the Area's Maintenance Plan'' (FRL#7821–1) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9795. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania VOC and NOx RACT Determinations for National Fuel Gas Supply Corporation'' (FRL#7822–5) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9796. A communication from the Deputy Associate Administrator, Environmental

Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Air Quality Implementation Plans; West Virginia; Determination of Attainment and Redesignation of the city of Weirton PM10 Nonattainment Area to Attainment and Approval of the Maintenance Plan" (FRL#7821–4) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9797. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Clean Air Act Approval and Promulgation of Air Quality Implementation Plan Revision for North Dakota; Revisions to the Air Pollution Control Rules; Delegation of Authority for New Source Performance Standards" (FRL#7823–2) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9798. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "National Environmental Performance Track Program; Corrections" (FRL#7830–1) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9799. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Revisions to the California State Implementation Plan, Bay Area Quality Management District" (FRL#7811–2) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9800. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Air Quality Implementation Plans; Idaho; Correcting Amendments" (FRL#7825–3) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9801. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans; State of Missouri; Designation of Areas for Air Quality Planning Purposes, Iron County; Arcadia and Liberty Townships" (FRL#7831–1) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9802. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans; Texas; Memorandum of Agreement between Texas Council on Environmental Quality and the North Central Texas Council of Governments Providing Emissions Offsets to Dallas Fort Worth International Airport" (FRL#7830–8) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9803. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Plan Revisions; Indiana" (FRL#7826–8) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9804. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Final Authorization of State Hazardous Waste Management Program Revision" (FRL#7832–2) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9805. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Revisions to the Arizona State Implementation Plan, Arizona Department of Environmental Quality" (FRL#7820–2) received on October 13, 2004; to the Committee on Environment and Public Works.

EC–9806. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Water Quality Standards; Withdrawal of Certain Federal Water Quality Criteria Applicable to Alaska, Arkansas, and Puerto Rico" (FRL#7825–1) received on October 13, 2004; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CAMPBELL, from the Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1905. A bill to provide habitable living quarters for teachers, administrators, other school staff, and their households in rural areas of Alaska located in or near Alaska Native Villages (Rept. No. 108–414).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. WARNER for the Committee on Armed Services.

*Vinicio E. Madrigal, of Louisiana, to be a Member of the Board of Regents of the Uniformed Services University of the Health Sciences for a term expiring June 20, 2009.

*Otis Webb Brawley, Jr., of Georgia, to be a Member of the Board of Regents of the Uniformed Services University of the Health Sciences for a term expiring June 20, 2009.

*R. Bruce Matthews, of New Mexico, to be a Member of the Defense Nuclear Facilities Safety Board for a term expiring October 18, 2005.

*Joseph F. Bader, of the District of Columbia, to be a Member of the Defense Nuclear Facilities Safety Board for a term expiring October 18, 2007.

Air Force nomination of Brigadier General John H. Folkerts.

Air Force nomination of Lt. Gen. Bruce A. Wright.

Mr. WARNER. Mr. President, for the Committee on Armed Services I report favorably the following nomination list which was printed in the RECORD on the date indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar that this nomination lie at the Secretary's desk for the information of Senators.

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

Navy nominations beginning Armand P Abad and ending Matthew P Zentz, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 7, 2004.

*Nomination was reported with recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. WYDEN:

S. 2988. A bill to amend title XVIII of the Social Security Act to provide medicare beneficiaries with access to information concerning the quality of care provided by skilled nursing facilities and to provide incentives to skilled nursing facilities to improve the quality of care provided by those facilities by linking the amount of payment under the medicare program to quality reporting and performance requirements, and for other purposes; to the Committee on Finance.

By Mr. DURBIN (for himself, Mr. LEAHY, and Mr. JEFFORDS):

S. 2989. A bill to amend the Controlled Substances Act to provide an affirmative defense for the medical use of marijuana in accordance with the laws of the various States, and for other purposes; to the Committee on the Judiciary.

By Mr. DeWINE:

S. 2990. A bill to reduce temporarily the duty on palm fatty acid distillate; to the Committee on Finance.

By Mr. COCHRAN (for himself and Mr. BYRD):

S. 2991. A bill to suspend temporarily new shipper bonding privileges; considered and passed.

By Mr. BAUCUS (for himself and Mr. CRAIG):

S. 2992. A bill to liquidate and distribute duties collected on certain softwood lumber from Canada; to the Committee on Finance.

By Mr. GRAHAM of Florida (for himself and Mr. VOINOVICH):

S. 2993. A bill to establish a National Commission on the Infrastructure of the United States; to the Committee on Environment and Public Works.

By Ms. SNOWE (for herself, Mr. ROCKEFELLER, Mr. STEVENS, Mr. BURNS, and Mr. DORGAN):

S. 2994. A bill to provide that funds received as universal service contributions under section 254 of the Communications Act of 1934 and the universal service support programs established pursuant thereto are not subject to certain provisions of title 31, United States Code, commonly known as the Antideficiency Act, for a period of time; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. ALLEN (for himself, Mr. WYDEN, Mrs. HUTCHISON, Mr. ALEXANDER, and Mr. ENZI):

S. Con. Res. 146. A concurrent resolution to direct the Secretary of the Senate to make corrections in the enrollment of the bill S. 150; considered and agreed to.

ADDITIONAL COSPONSORS

S. 469

At the request of Mr. KOHL, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 469, a bill to amend chapter 44 of title 18, United States Code, to require ballistics testing of all firearms manufactured and all firearms in custody of Federal agencies.

S. 540

At the request of Mr. INHOFE, the names of the Senator from Michigan (Ms. STABENOW), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. LEVIN), the Senator from Kentucky (Mr. BUNNING) and the Senator from Wisconsin (Mr. FEINGOLD) were added as cosponsors of S. 540, a bill to authorize the presentation of gold medals on behalf of Congress to Native Americans who served as Code Talkers during foreign conflicts in which the United States was involved during the 20th Century in recognition of the service of those Native Americans to the United States.

S. 1557

At the request of Mr. MCCONNELL, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1557, a bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Armenia.

S. 2744

At the request of Mr. SUNUNU, the names of the Senator from Connecticut (Mr. DODD), the Senator from Iowa (Mr. GRASSLEY) and the Senator from Connecticut (Mr. LIEBERMAN) were added as cosponsors of S. 2744, a bill to authorize the minting and issuance of a Presidential $1 coin series.

S. 2956

At the request of Mr. SANTORUM, his name was added as a cosponsor of S. 2956, a bill to amend title 10, United States Code, to direct the Secretary of Defense to carry out a program to provide a support system for members of the Armed Forces who incur severe disabilities.

S. 2968

At the request of Mr. REED, the names of the Senator from Ohio (Mr. DEWINE), the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Maine (Ms. COLLINS) were added as cosponsors of S. 2968, a bill to amend the Public Health Service Act to address the shortage of influenza vaccine, and for other purposes.

S. 2987

At the request of Mr. BURNS, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 2987, a bill to amend the Agricultural Marketing Act of 1946 to expand the country of origin labeling for certain covered commodities, and for other purposes.

S. RES. 436

At the request of Mr. REID, the names of the Senator from New Jersey (Mr. CORZINE), the Senator from North Dakota (Mr. DORGAN), the Senator from Idaho (Mr. CRAPO) and the Senator from Maine (Ms. COLLINS) were added as cosponsors of S. Res. 436, a resolution designating the second Sunday in the month of December 2004 as ''National Children's Memorial Day''.

S. RES. 452

At the request of Mr. CAMPBELL, the names of the Senator from Utah (Mr. HATCH), the Senator from Ohio (Mr. DEWINE) and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of S. Res. 452, a resolution designating December 13, 2004, as ''National Day of the Horse'' and encouraging the people of the United States to be mindful of the contribution of horses to the economy, history, and character of the United States.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN:

S. 2988. A bill to amend title XVIII of the Social Security Act to provide medicare beneficiaries with access to information concerning the quality of care provided by skilled nursing facilities and to provide incentives to skilled nursing facilities to improve the quality of care provided by those facilities by linking the amount of payment under the medicare program to quality reporting and performance requirements, and for other purposes; to the Committee on Finance.

Mr. WYDEN. Mr. President, I rise to discuss a bill I am introducing today, the Long Term Care Quality and Consumer Information Act.

I hope that this bill will spark a serious debate about how we pay for quality care. This proposal establishes a voluntary system under which nursing homes providing better quality of care would receive higher payment and in turn would provide more information about the quality of care provided. Information would include nurse staffing ratios and would be made public to consumers and their families.

Historically, Americans have been paying the same for quality health care as for mediocre care. Efforts have been made by some in the private sector to better recognize and incentivize those providers who consistently provide higher level of care. The Institute of Medicine (IOM), in its report ''Leading by Example,'' declared the government should take the lead in improving health care by giving financial rewards to hospitals and doctors who improve care for beneficiaries in six Federal programs, including Medicare and Medicaid and the Veterans Health Administration. The IOM report also said the government should collect and make available to the public data comparing the quality of care among providers. The Centers for Medicare and Medicaid Services has begun pilot programs. I think nursing homes should also be an area in which we explore payment policies that regard those providing a higher quality of care.

I look forward to continuing the discussion with all stakeholders about these concepts so we can assure a high level of care and find ways to help providers improve the level of care they provide.

By Mr. DURBIN (for himself, Mr. LEAHY, and Mr. JEFFORDS):

S. 2989. A bill to amend the Controlled Substances Act to provide an affirmative defense for the medical use of marijuana in accordance with the laws of the various States, and for other purposes; to the Committee on the Judiciary.

Mr. DURBIN. Mr. President, I rise today with Senators LEAHY and JEFFORDS to introduce the Truth in Trials Act. This is a narrowly tailored bill that would allow defendants in Federal criminal trials regarding medicinal marijuana to introduce evidence that their marijuana-related activity was performed in compliance with State law regarding the medical use of marijuana. It also would provide defendants in such trials with an affirmative defense if they establish, by a preponderance of the evidence, that their activities complied with State law.

Let me be clear. This legislation does not legalize marijuana. It does not even legalize marijuana for medicinal purposes. It only is meant to address the conflict between State and Federal law with regard to medical marijuana. Under this legislation, defendants in the ten States with medicinal marijuana laws could be found not guilty of violating Federal law if their actions are done in compliance with State law.

Why is this legislation necessary?

Over the past 8 years, ten States have passed referendums or enacted laws authorizing medical marijuana in those States. The first of these states was California. In 1996, voters in California passed the California Compassionate Use Act, also known as Proposition 215, to allow seriously ill people who have a doctor's recommendation to cultivate and use marijuana as a form of treatment.

However, in 2001, the Drug Enforcement Administration began aggressively targeting medical marijuana providers in California and these other States—regardless of the fact that these individuals were complying with State law.

Consider who these so-called criminals are that the DEA is targeting and arresting.

The city of Oakland enacted a medicinal marijuana ordinance, as permitted by California law, and Ed Rosenthal grew marijuana to be sold for medicinal uses under the auspices of this ordinance. Even though Mr. Rosenthal was acting as an officer of the city, in February 2002, DEA agents raided his facility and arrested him of marijuana cultivation and conspiracy.

Since Federal law does not recognize ''medical necessity'' as a defense, Mr. Rosenthal was not allowed to tell the jury that he was growing the marijuana for medicinal purposes. The prosecutors took this opportunity to present Mr. Rosenthal as a big-time drug dealer, and the jury had no choice but to convict Mr. Rosenthal.

After the trial, the jurors learned that Mr. Rosenthal was growing medical marijuana and complained that they had been misled by the court. Five jurors immediately issued a public apology to him and demanded a new trial. Their statement said, ''In this trial, the prosecution was allowed to put all of the evidence and testimony on one of the scales, while the defense was not allowed to put its evidence and testimony on the other side. Therefore we were not allowed as a jury to properly weight the case.''

During the sentencing phase of the trial, nine of the twelve jurors asked that Mr. Rosenthal not be imprisoned because they had convicted him ''without having all the evidence.'' Due to these unique circumstances, the judge sentenced Mr. Rosenthal to one day in prison and a $1,000 fine, the most lenient sentence allowed under the law. Yet, the prosecutor, who had asked for a six-and-a-half-year sentence, has appealed this sentence.

Another example is the Wo/men's Alliance for Medical Marijuana, a non-profit collective of patients and their caregivers, 85 percent of whom are terminally ill with cancer or AIDS. One member of this organization is Suzanne Pfeil, who suffers from post-polio syndrome and experiences extreme pain and muscle spasticity. She is allergic to opiates and does not tolerate many pharmaceutical drugs, so her physician recommended medicinal marijuana, in accordance with California State law. Here, in her own words, is what happened to her in 2002:

At dawn on September 5th, 2002, I awoke to five federal agents pointing assault rifles at my head, I did not hear them come in because my respirator is rather loud. They yelled at me to put my hands in the air and to stand up ''NOW.'' I tried to explain to them that I needed to put my hands down on the bed in order to sit up because I am paralyzed. They again shouted at me to stand up. I pointed to my crutches and braces beside the bed and said, ''I'm sorry, I can't stand up without my crutches and braces and I normally use a wheelchair.'' At that point they ripped the covers off the bed and finally realized what I was trying to explain amid their shouts and guns. They handcuffed me behind my back and left me on the bed. The DEA then proceeded to confiscate medication recommended to me by my physician under California State Law Proposition 215. My crime? I am a member of the WAMM, the Wo/men's Alliance for Medical Marijuana, a non-profit collective of patients and their caregivers working together to provide free medication and hospice services to approximately 250 seriously ill and dying members. The DEA then destroyed our collective garden and arrested our Director Valerie Corral, who is an epileptic, and her caregiver and husband Michael Corral.

This conflict between State and Federal law is a serious one, and one that will be addressed by the Supreme Court later this year in the case of Ashcroft v. Raich. Last year, the Ninth Circuit Court of Appeals rule in this case that is unconstitutional to prosecute medicinal marijuana users under federal law in states with medicinal marijuana laws, as long as the marijuana is not sold or transported across state lines.

The Truth in Trials Act is consistent with this Circuit Court ruling, which I hope the Supreme Court will uphold, and I urge my colleagues to support this bill.

By Mr. BAUCUS (for himself and Mr. CRAIG):

S. 2992. A bill to liquidate and distribute duties collected on certain softwood lumber from Canada; to the Committee on Finance.

Mr. BAUCUS. Mr. President, I rise today in disappointment, but also with resolve.

After more than 2 years of negotiations between the United States and Canada, there is still no agreement on how to manage softwood lumber trade between our two countries. This is disappointing, particularly given the importance of the issue. Perhaps what is most disappointing, though, is that the negotiations appear to have fallen off, despite the fact that parties last year seemed close to an agreement.

There might be some who think that the recent NAFTA decisions signal an imminent conclusion of the litigation, and that deposits collected by U.S. Customs will be returned soon. As one who has seen this dispute wax and wane for nearly 30 years, this seems to me a naïve expectation. The fact is that the recent NAFTA decisions had more to do with a bitter disagreement between the NAFTA panelists and the U.S. International Trade Commission about investigative methodologies than whether or not the Canadian timber policies are consistent with NAFTA obligations. The bottom line—and this is the issue at the root of this dispute—is that the Canadian policies are deeply inconsistent with the notion of a free and integrated North American market. The timber subsidies provide Canadian mills with a significant, artificial advantage. Until this basic issue is resolved, this dispute—including this litigation and the duties imposed on importers—will continue.

In my judgment, the most effective, durable, and fair resolution to this decades-old problem will be found only through a negotiated settlement. This means both parties sitting down at the table and finding a mutually acceptable solution that provides for timber policies that are consistent and compatible. However, pulling away from the negotiating table and relying on litigation isn't going to get us there.

Under current U.S. law, the deposits sitting in escrow are eligible for liquidation. As I have said, I would prefer a negotiated settlement—one that resolves all matters of disagreement, including the disposition of these deposits. but some involved in the negotiation appear to have decided upon litigation as their preferred method of resolution. If it is necessary for more and my colleagues to assert the legal rights available to the U.S. industry as a way of reminding the parties of the stakes that are still very much on the table, then that is what we will do.

Today, my good friend, LARRY CRAIG and I have introduced a bill that would order the Commerce Department to begin the process of liquidating the approximately $3 billion sitting in escrow, as a result of the antidumping and countervailing duties imposed upon imports of Canadian softwood lumber since March 2002. Further, these deposits are to be distributed to the U.S. lumber industry, which have been seriously injured by Canada's timber policies and which petitioned for these duties in the first place. This measure is consistent with current U.S. law and, if enacted, I expect the U.S. government to defend it to the hilt.

I hope that our action today will spark a return—by both sides—to the negotiating table. However, if it does not, and if a settlement is not reached, I will not hesitate to push forcefully for enactment of this legislation.

Mr. CRAIG. Mr. President, I rise today with a heavy heart because it has been more than four years since the expiration of the Canadian Softwood Lumber Agreement and we have very little to show for it except a U.S. industry that is still a victim of the situation.

This is an issue that I have been involved with since I came to Congress and in that time we have seen three separate disputes resulting in two negotiated agreements that have also come and gone. We are now in the middle of our fourth dispute with no settlement agreement in sight.

While the two countries were close to reaching an agreement last year, little has happened since to reach a resolution. Meanwhile, with each log truck that comes across the border from Canada, another light at a U.S. timber company goes out permanently.

In order to ensure a future for U.S. timber companies, I am joining Senator BAUCUS, in introducing the Softwood Lumber Duties Liquidation Act.

Under current U.S. law, the deposits sitting in escrow are eligible for liquidation. The duties were first imposed in May 2002, when the U.S. slapped antidumping and countervailing tariffs amounting to more than 27 percent on Canada imports. The Commerce Department had determined that Canadian timber policies amounted to an unfair subsidy and led to the dumping of artificially cheap softwood lumber into the U.S. market. Meanwhile, the U.S. International Trade Commission ruled that the subsidies and dumped imports injured the U.S. lumber industry, warranting the imposition of tariffs.

That being said, it is time that all parties come together in honest faith and work towards establishing a settlement that is free and fair in its framework. Anything less would be unjust to producers and consumers on both sides of the border.

I am hopeful for a resolution. However, in the meantime, I, along with Senator BAUCUS, will continue to uphold U.S. laws and the determinations of our trade agencies to help ensure fair trade and protect our industries from illegally subsidized products.

By Mr. GRAHAM of Florida (for himself and Mr. VOINOVICH):

S. 2993. A bill to establish a National Commission on the Infrastructure of the United States; to the Committee on Environment and Public Works.

Mr. GRAHAM of Florida. Mr. President, I rise to introduce the National Infrastructure Improvement Act of 2004. For the past year, both bodies of Congress and the Administration have been in a numbers debate—disagreeing over the appropriate level of Federal expenditures for surface transportation, highways and public transit, for the next six years.

What this dispute misses are the real issues: 1. What is the state of our surface transportation systems and other public infrastructure? 2. What will the expenditure levels in the bills under consideration do to affect that state? 3. What do the American people want in terms of maintenance, access, congestion, and serviceability of our highways, bridges, public transit, schools, water and sewer systems, and other infrastructure sectors?

Now, we have passed an 8 month surface transportation extension because the White House and both bodies of Congress could not even agree on a $318 billion funding level—$57 billion lower than what was recommended by the United States Department of Transportation to maintain our surface transportation. These inadequate levels of funding that were being discussed proves that surface transportation and infrastructure is not a priority of this Congress. This is the precise reason we must establish an infrastructure commission to assess the problems of our nation's infrastructure and recommend solutions. This Congress must understand that a component of America's economic competitiveness lies within our infrastructure.

The reality is that our Nation is in the midst of an infrastructure crisis. In almost every one of these areas, America is losing ground at an alarming pace and inadequate funding on the part of the federal government is the leading cause.

The infrastructure deficit interferes with our personal lives on a daily basis. Increased congestion means longer commutes to and from work. Unrepaired potholes means greater wear and tear on our vehicles. Deteriorating water lines means greater exposure to lead in our drinking water.

Crumbling schools means our children do not receive the quality education they deserve. We cannot expect our children to be productive if their schools' basic amenities do not meet the fundamental standards needed for effective learning. A 2003 report by the American Society of Civil Engineers, who I am happy to say support this piece of legislation, in addition to the Associated General Contractors of America and the American Public Works Association, had schools rated as a D- and estimated that 75% of school buildings are inadequate to meet the needs of school children.

An even greater threat is over the horizon. This infrastructure deficit will erode our economic productivity advantage, the principle hope for Americans to maintain our standard of living in the face of fierce global competition. U.S. productivity, and the high standard of living that results, is dependent upon efficient transportation systems and healthy workers.

We are not efficient if our goods are shipped on trucks that are stuck in congested traffic. We are not efficient if our harbors are unable to accommodate the newest generation of freighters. And our workers cannot be productive if our sewer and water lines are in such disrepair that it affects their health.

In 1984, Congress established the National Council on Public Works Improvement to report on the state of the Nation's infrastructure. They found that investment in America's infrastructure was barely keeping up with yearly depreciation and that the system would not be able to adequately respond to increased demand. Their 1988 final report warned that without increased investment, America would be faced with an ''infrastructure crisis.''

Sixteen years later and after the major economic boom of the 1990's, we have failed to maintain, let alone improve, America's infrastructure. The consequences of our inaction are apparent. In the 1988 report, the national infrastructure grade was a ''C.'' The ASCE 2003 Report Card for America's Infrastructure demoted the overall grade to a ''D+.'' It is evident that there has been a deterioration in several aspects of our infrastructure since the 1988 report.

In 1988, roads received a grade of a C+. In 2003, roads were downgraded to a D+.

In 1988, water resources and water supply was given a B and B- respectively. In 2003, drinking water received a D and navigable waterways received a D+.

This deterioration has a ripple effect throughout the entire economy. Public dollars invested in infrastructure increases the productivity of private investment, which keeps the U.S. competitive in the global economy.

What should we do? In the short run, any infrastructure bill passed prior to the development of a long-term plan should be for 3 years or less in duration. This is the only way to keep the political heat on the White House and the Congress. Our recent experience with 6-year authorization bills, such as the highway bill, demonstrates the Jekyll and Hyde approach we have taken toward infrastructure. There is a moderate peak of attention when the legislation is up for reauthorization, then, more than a half a decade of disinterest.

Also in the short run, Congress must restrain itself from using the surface transportation act and other infrastructure legislation as a field of turkeys with the gobblers to be brought home to voters. The ability of Congress to restrain itself would be enormously enhanced if the relevant federal agencies would immediately get to the task of developing nation-wide standards of need, so that the Congress would have a standard against which to allocate resources. Like the United States Department of Transportation, other agencies need to assess their needs and report back to the Congress and the White House one year prior to the expiration of the current laws.

In the long run, we must come to grips with this burgeoning infrastructure deficit. One model could be the National Highway Act of the 1950s, when under the leadership of President Eisenhower, the states and the federal government came together to jointly finance and construct an interstate highway system, a system which has transformed our nation. President Eisenhower recognized that the highway system would benefit the entire nation, and called on Congress to support his vision. In his words, ''. . . the uniting forces of our communication and transportation systems are dynamic elements in the very name we bear—United States.'' Today, his words still resonate. Improving infrastructure should be a cause around which we can all unite. If we act, the entire country benefits; if we fail to act, the entire country suffers.

This new infrastructure initiative could use many of Eisenhower's same principles and apply them to rebuild America and protect and advance our nation's social and economic future. The establishment of this national commission on infrastructure to report to the President and the Congress in 2½ years would be a step in the right direction.

I urge my colleagues to support this vital legislation to ensure that the nation's infrastructure will one day meet current and future demands and more importantly, facilitate economic growth.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2993

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Infrastructure Improvement Act of 2004''.

SEC. 2. DEFINITIONS.

In this Act:

(1) ACQUISITION.—The term ''acquisition'' includes the addition of land, sites, equipment, structures, facilities, or rolling stock by purchase, lease-purchase, trade, or donation.

(2) COMMISSION.—The term ''Commission'' means the National Commission on the Infrastructure of the United States established by section 3(a).

(3) CONSTRUCTION.—The term ''construction'' means—

(A) the design, planning, and erection of new infrastructure;

(B) the expansion of existing infrastructure;

(C) the reconstruction of an infrastructure project at an existing site; and

(D) the installation of initial or replacement infrastructure equipment.

(4) INFRASTRUCTURE.—

(A) IN GENERAL.—The term ''infrastructure'' means a nonmilitary structure or facility and equipment associated with that structure or facility.

(B) INCLUSIONS.—The term ''infrastructure'' includes—

(i) a surface transportation facility (such as a road, bridge, highway, public transportation facility, and freight and passenger rail);

(ii) a mass transit facility;

(iii) an airport or airway facility;

(iv) a resource recovery facility;

(v) a water supply and distribution system;

(vi) a wastewater collection, treatment, and related facility;

(vii) a waterway;

(viii) a dock or port;

(ix) a school building; and

(x) a solid waste disposal facility.

(5) MAINTENANCE.—The term ''maintenance'' means any regularly scheduled activity, such as a routine repair, intended to ensure that infrastructure continues to operate efficiently.

(6) REHABILITATION.—The term ''rehabilitation'' means—

(A) the correction of a deficiency in existing infrastructure so as to extend the useful life or improve the effectiveness of the infrastructure;

(B) the modernization or replacement of equipment of existing infrastructure; and

(C) the modernization of, or replacement of parts for, rolling stock relating to infrastructure.

SEC. 3. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''National Commission on the Infrastructure of the United States'' to ensure that the infrastructure of the United States—

(1) meets current and future demand; and

(2) facilitates economic growth.

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 7 members, of whom—

(A) 3 members shall be appointed by the President;

(B) 1 member shall be appointed by the Speaker of the House of Representatives;

(C) 1 member shall be appointed by the minority leader of the House of Representatives;

(D) 1 member shall be appointed by the majority leader of the Senate; and

(E) 1 member shall be appointed by the minority leader of the Senate.

(2) QUALIFICATIONS.—Each member of the Commission shall have experience in 1 or more of the fields of economics, public administration, civil engineering, public works, and related design professions, planning, or public investment financing.

(3) DATE OF APPOINTMENTS.—The members of the Commission shall be appointed under paragraph (1) not later than 90 days after the enactment of this Act.

(c) TERM; VACANCIES.—

(1) TERM.—A member shall be appointed for the life of the Commission.

(2) VACANCIES.—A vacancy in the Commission—

(A) shall not affect the powers of the Commission; and

(B) shall be filled, not later than 30 days after the date on which the vacancy occurs, in the same manner as the original appointment was made.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson or the majority of the Commission members.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a Chairperson and Vice Chairperson from among the members of the Commission.

SEC. 4. DUTIES.

(a) STUDY.—

(1) IN GENERAL.—Not later than February 15, 2007, the Commission shall complete a study of all matters relating to the state of the infrastructure of the United States.

(2) MATTERS TO BE STUDIED.—In carrying out paragraph (1), the Commission shall study such matters as—

(A) the capacity of infrastructure improvements to sustain current and anticipated economic development, including long-term economic construction and to support a sustained and expanding economy;

(B) the age and condition of public infrastructure (including congestion and changes in the condition of that infrastructure as compared with preceding years);

(C) the methods used to finance the construction, acquisition, rehabilitation, and maintenance of public works improvements (including general obligation bonds, tax-credit bonds, revenue bonds, user fees, excise taxes, direct governmental assistance, and private investment);

(D) any trends or innovations in methods used to finance that construction, acquisition, rehabilitation, and maintenance;

(E) investment requirements, by type of facility, that are necessary to maintain the current condition and performance of those facilities and the investment needed to improve those facilities in the future;

(F)(i) the projected historical share of Federal, State, local, and other government levels of investment requirements as identified in subparagraph (E); and

(ii) the projected expenditure on infrastructure facility improvements described in subparagraph (E) by each level of government;

(G) estimates of the return to the economy from public works investment;

(H) any trends or innovations in infrastructure procurement methods; and

(I) any trends or innovations in construction methods or materials.

(3) CONSULTATION.—In carrying out paragraph (1), the Commission shall consult with appropriate stakeholders, including—

(A) the Secretary of the Army;

(B) the Secretary of Agriculture;

(C) the Secretary of Transportation;

(D) the Administrator of the Environmental Protection Agency;

(E) the Secretary of Commerce;

(F) the Secretary of Education;

(G) the Secretary of Energy;

(H) the Secretary of the Treasury;

(I) the Secretary of the Interior;

(J) the Administrator of General Services;

(K) associations representing private sector stakeholders;

(L) associations representing State and local governments; and

(M) such other individuals and entities as are determined to be appropriate by the Commission.

(4) RESOURCES; DATA.—In carrying out paragraph (1), to the maximum extent practicable, the Commission shall—

(A) use existing studies, data, sampling techniques, and reports of other commissions; and

(B) if collecting new data under this section, make every effort to ensure that the data is collected in consultation with the States so as to ensure that uniform methods, categories, and analyses are used.

(b) RECOMMENDATIONS.—The Commission shall develop recommendations—

(1) on a Federal infrastructure plan that will detail national infrastructure program priorities, including alternative methods of meeting national infrastructure needs to effectuate balanced growth and economic development;

(2) on public works improvements and methods of delivering and providing for public work facilities;

(3) for analysis or criteria and procedures that may be used by Federal agencies and State and local governments in—

(A) inventorying existing and needed public works improvements;

(B) assessing the condition of public works improvements; and

(C) developing uniform criteria and procedures for use in conducting those inventories and assessments; and

(4) for proposed guidelines for the uniform reporting, by Federal agencies, of construction, acquisition, rehabilitation, and maintenance data with respect to infrastructure improvements.

(c) STATEMENT AND RECOMMENDATIONS.—Not later than February 15, 2007, the Commission shall submit to Congress—

(1) a detailed statement of the findings and conclusions of the Commission; and

(2) the recommendations of the Commission under subsection (b), including recommendations for such legislation and administrative actions for 5-, 15-, 30-, and 50-year time periods as the Commission considers to be appropriate.

SEC. 5. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission shall hold such hearings, meet and act at such times and places, take such testimony, administer such oaths, and receive such evidence as the Commission considers advisable to carry out this Act.

(b) INFORMATION FROM FEDERAL AGENCIES.—

(1) IN GENERAL.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this Act.

(2) PROVISION OF INFORMATION.—On request of the Chairperson of the Commission, the head of the Federal agency shall provide the information to the Commission.

(c) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(d) CONTRACTS.—The Commission may enter into contracts with other entities, including contracts under which 1 or more entities, with the guidance of the Commission, conduct the study required under section 4(a).

(e) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government.

SEC. 6. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—A member of the Commission shall serve without pay, but shall be allowed a per diem allowance for travel expenses, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(b) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws, including regulations, appoint and terminate an executive director and such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

(2) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director shall be subject to confirmation by a majority of the members of the Commission.

(3) COMPENSATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

(B) MAXIMUM RATE OF PAY.—In no event shall any employee of the Commission (other than the executive director) receive as compensation an amount in excess of the maximum rate of pay for Executive Level IV under section 5315 of title 5, United States Code.

(c) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

(1) IN GENERAL.—An employee of the Federal Government may be detailed to the Commission without reimbursement.

(2) CIVIL SERVICE STATUS.—The detail of a Federal employee shall be without interruption or loss of civil service status or privilege.

(d) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—On request of the Commission, the Secretary of the Army, acting through the Chief of Engineers, shall provide, on a reimbursable basis, such office space, supplies, equipment, and other support services to the Commission and staff of the Commission as are necessary for the Commission to carry out the duties of the Commission under this Act.

SEC. 7. CONGRESSIONAL BUDGET OFFICE REVIEW.

Not later than 90 days after the date on which the report under section 4(c) is submitted to Congress by the Commission, the Congressional Budget Office shall review the report and submit a report on the results of the review to the Committee on Environment and Public Works and the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

SEC. 8. FUNDING.

(a) FISCAL YEAR 2005.—For fiscal year 2005, from amounts otherwise made available to the Secretary of the Army for the purpose of civil works for that fiscal year, the Secretary of the Army shall transfer to the Commission such amount, not to exceed $2,000,000, as the Commission may request to carry out this Act.

(b) FUTURE FISCAL YEARS.—There is authorized to be appropriated to the Commission to carry out this Act $1,000,000 for each of fiscal years 2006 and 2007.

SEC. 9. TERMINATION OF COMMISSION.

The Commission shall terminate on September 30, 2007.

By Ms. SNOWE (for herself, Mr. ROCKEFELLER, Mr. STEVENS, Mr. BURNS, and Mr. DORGAN):

S. 2994. A bill to provide that funds received as universal service contributions under section 254 of the Communications Act of 1934 and the universal service support programs established pursuant thereto are not subject to certain provisions of title 31, United States Code, commonly known as the Antideficiency Act, for a period of time; to the Committee on Commerce, Science, and Transportation.

Ms. SNOWE. Mr. President, I rise today with the support of many of my colleagues on the Committee on Commerce, Science, and Transportation to introduce legislation to help keep Americans' telephone bills from rising and to prevent future disruption to the Universal Service Fund. The Universal Service Fund helps keep telephone rates at a reasonable level for millions of American consumers and businesses located in rural parts of our country, areas where phone service would otherwise be prohibitively expensive. The USF also provides discounts to schools and libraries on their Internet service through the E-Rate program, which I and Senator ROCKEFELLER worked to establish in 1996. Finally the USF makes basic ''life line'' phone service available to low-income Americans, and gives assistance to rural health care providers.

The bill I introduce today is a corrective measure that addresses problems recently encountered by the Universal Service Administration Company, or ''USAC,'' the private, nonprofit corporation that Congress created to administer the USF. Specifically, this bill deals with a decision by the FCC that ordered USAC to adhere to a special set of accounting rules that applies to government agencies. As a private company, USAC had utilized the same accounting rules as used by the private sector, but was told last year that it was subject to the Anti-Deficiency Act, a law that prevents government agencies from incurring financial obligations beyond the amount that has been appropriated to them by Congress. Adherence to government accounting rules is one of the Anti-Deficiency Act's requirements.

However, the switch to government accounting rules has caused an unforseen disruption in the operation of the USF. In July 2004, USAC was notified that its method for accounting for funding commitments made to schools and libraries under the E-Rate program was illegal under the new government accounting rules, even though the method was perfectly proper under Generally Accepted Accounting Principles. As a result, USAC was forced to place an enormous amount of cash on its books by the close of the fiscal year, September 30; to freeze the program on August 3, preventing any action on applications for E-Rate discounts right before the start of the school year; and to liquidate all of its assets, resulting in $4.6 million in penalties and an estimated loss of $30 million in expected interest income.

While USAC believes it can resume acting upon applications for E-Rate discount later this month, it notified the FCC on November 1 that, in order to continue compliance with the new government accounting rules, the USF contribution factor must be raised. The contribution factor is the portion of each customer's phone bill that is paid into the USF. Currently the charge is 8.9 percent of a customer's interstate calls made, but it will likely rise to 13 percent or more. Of course, this increase would be passed right on to consumers and businesses. Worse yet, this accounting change is likely to affect the other components of the USF as well, since they by and large operate in the same manner. If the USF as a whole is forced to make the same accounting changes that were imposed on E-Rate, the USF contribution factor may rise to 25 percent or more by January 1, 2005.

As a result of a seemingly innocuous accounting rule change, schools and libraries across the country have been unable to obtain much-needed discounts on their Internet connections, leading many to shut off their Internet service altogether. A similar strain may be encountered by the USF as a whole, jeopardizing price supports for rural- and low-income Americans on their phone service. And if no immediate action is taken, the telephone bills of American consumers and businesses are slated to rise significantly come the beginning of the new year.

My colleagues and I have examined this issue and worked closely with the FCC and our counterparts on the House Energy and Commerce Committee. We have determined that, given the pending phone bill increases on January 1, the only way to address this problem is to pass a law exempting the Universal Service Fund from the Anti-Deficiency Act through December 31, 2005. During this exemption period, USAC can continue to operate its programs in an orderly manner, phone bills can remain stable, and both Congress and the Executive Branch can work on a permanent solution to this problem. There is ample precedent for an exemption; indeed, many government programs are permanently exempted from the Anti-Deficiency Act, such as the National Park Service and the Conservation Trust.

This is a bipartisan effort among those Members who deal with telecommunications issues regularly. We have worked closely with the FCC and the House, and we have the support of the telecom industry, educators, and state and local governments. A permanent solution might require legislation, or it might not, but either way we will require sufficient time to craft that fix. This bill ensures that, in the meantime, the status quo is preserve, schools and libraries receive their Internet funding, the USF continues to operate soundly, and consumers' telephone bills do not rise.

SUBMITTED RESOLUTIONS

SENATE CONCURRENT RESOLUTION 146—TO DIRECT THE SECRETARY OF THE SENATE TO MAKE CORRECTIONS IN THE ENROLLMENT OF THE BILL S. 150

Mr. ALLEN (for himself, Mr. WYDEN, Mrs. HUTCHISON, Mr. ALEXANDER, and Mr. ENZI) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 146

Resolved by the Senate (the House of Representatives concurring), That, in the enrollment of the bill (S. 150) to extend the moratorium on taxes on Internet access and multiple and discriminatory taxes on electronic commerce imposed by the Internet Tax Freedom Act, the Secretary of the Senate shall make the following corrections:

(1) Amend subsection (a) of section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note), as added by section 3 of the bill, to read as follows:

''(a) PRE-OCTOBER 1998 TAXES.—

''(1) IN GENERAL.—Section 1101(a) does not apply to a tax on Internet access that was generally imposed and actually enforced prior to October 1, 1998, if, before that date—

''(A) the tax was authorized by statute; and

''(B) either—

''(i) a provider of Internet access services had a reasonable opportunity to know, by virtue of a rule or other public proclamation made by the appropriate administrative agency of the State or political subdivision thereof, that such agency has interpreted and applied such tax to Internet access services; or

''(ii) a State or political subdivision thereof generally collected such tax on charges for Internet access.

''(2) TERMINATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection shall not apply after November 1, 2007.

''(B) STATE TELECOMMUNICATIONS SERVICE TAX.—

''(i) DATE FOR TERMINATION.—This subsection shall not apply after November 1, 2006, with respect to a State telecommunications service tax described in clause (ii).

''(ii) DESCRIPTION OF TAX.—A State telecommunications service tax referred to in subclause (i) is a State tax—

''(I) enacted by State law on or after October 1, 1991, and imposing a tax on telecommunications service; and

''(II) applied to Internet access through administrative code or regulation issued on or after December 1, 2002.''.

(2) Insert after section 6 of the bill the following:

''SEC. 6A. EXCEPTION FOR TEXAS MUNICIPAL ACCESS LINE FEE.

''The Internet Tax Freedom Act (47 U.S.C. 151 note), as amended by section 6, is amended by adding at the end the following:

''SEC. 1109. EXCEPTION FOR TEXAS MUNICIPAL ACCESS LINE FEE.

''Nothing in this Act shall prohibit Texas or a political subdivision thereof from imposing or collecting the Texas municipal access line fee pursuant to Texas Local Govt. Code Ann. ch. 283 (Vernon 2005) and the definition of access line as determined by the Public Utility Commission of Texas in its 'Order Adopting Amendments to Section 26.465 As Approved At The February 13, 2003 Public Hearing', issued March 5, 2003, in Project No. 26412.''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENTAL AND PUBLIC WORKS

Mr. ALLEN. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet on Wednesday, November 17, 2004 at 2:30 p.m. to conduct a business meeting regarding various projects included in GSA's fiscal year 2005 Capital Investment and Leasing Program, to authorize various courthouse construction projects, and to consider Army Corps of Engineers study resolutions.

The meeting will be held in SD 406.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. ALLEN. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet on Wednesday, November 17, 2004, at 3 p.m. in Room 216 of the Hart Senate Office Building to conduct a business meeting on pending Committee matters, to be followed immediately by an oversight hearing on the In Re Tribal Lobbying Matters, et al.

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

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. ALLEN. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space be authorized to meet on Wednesday, November 17, 2004, at 2 p.m. on Prenatal Genetic Testing Technology.

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

PRIVILEGES OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that the privilege of the floor be granted to the following fellow and interns of the Finance Committee staff during consideration of S. 2986, the debt limit bill: Mary Tuckerman, Priya Mahanti, Audrey Schultz, Brittney McClary, Kelsie Eggensperger, Paige Lester, Jeremy Sylestine, Jodi George, Janis Lazda, Chris Knopes, Scott Landes, and Cuong Huynh.

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

Mr. JOHNSON. Mr. President, I ask unanimous consent that floor privileges for the remainder of the week be granted to Jimmy Loyless, who is a banking fellow in my office.

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

MISCELLANEOUS TRADE AND TECHNICAL CORRECTIONS ACT—CONFERENCE REPORT

Mr. FRIST. Mr. President, I move to proceed to the conference report to accompany H.R. 1047, the Miscellaneous Trade and Technical Corrections Act.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1047), to amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes, having met, have agreed that the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, signed by all conferees on the part of both Houses.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the proceedings of the House in the RECORD of October 8, 2004.)

CLOTURE MOTION

Mr. FRIST. Mr. President, I now send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the conference report to accompany H.R. 1047, a bill to amend the harmonized tariff schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes.

Bill Frist, Chuck Grassley, George Allen, Craig Thomas, Jon Kyl, Mike Crapo, Robert F. Bennett, John Ensign, Pete Domenici, Lamar Alexander, John E. Sununu, Richard G. Lugar, George Voinovich, Peter Fitzgerald, Trent Lott, Lindsey Graham, Jim Talent.

Mr. FRIST. Mr. President, I ask unanimous consent that the mandatory quorum be waived.

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

Mr. FRIST. For the information of all Members, this cloture motion will ripen on Friday morning. If cloture is invoked—and I think it will be—I hope we can move quickly to the adoption of the conference report.

NEW SHIPPER REVIEW AMENDMENT ACT OF 2004

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to immediate consideration of S. 2991, which was introduced earlier today by Senators COCHRAN and BYRD.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 2991) to suspend temporarily new shipper bonding privileges.

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (S. 2991) was read the third time and passed, as follows:

S. 2991

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''New Shipper Review Amendment Act of 2004''.

SEC. 2. TEMPORARY SUSPENSION OF NEW SHIPPER BONDING PRIVILEGES.

Clause (iii) of section 751(a)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(2)(B)(iii)) shall not be effective during the 3-year period beginning on the date of the enactment of this Act.

SEC. 3. REPORT TO CONGRESS.

Not later than 2 years after the date of the enactment of this Act, the Secretary of Commerce, in consultation with the Secretary of the Treasury, the United States Trade Representative, and the Commissioner of the Bureau of Customs and Border Protection, shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report containing—

(1) recommendations on whether the suspension of the effectiveness of section 751(a)(2)(B)(iii) of the Tariff Act of 1930 should be extended beyond the date provided in section 2 of this Act; and

(2) assessments of the effectiveness of any administrative measures that have been implemented to address the difficulties giving rise to section 2 of this Act, including—

(A) problems in assuring the collection of antidumping duties on imports from new shippers;

(B) administrative burdens imposed on the Department of Commerce by new shipper reviews; and

(C) the use of the bonding privilege by importers from new shippers to circumvent the effect of antidumping duty orders.

UNANIMOUS CONSENT AGREEMENT—FOREIGN OPERATIONS APPROPRIATIONS CONFEREES

Mr. FRIST. Mr. President, I ask unanimous consent that with respect to the Foreign Operations appropriations bill, Senator COCHRAN be inserted in lieu of Senator SPECTER as a conferee.

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

PROTOCOL AMENDING TAX CONVENTION WITH THE NETHERLANDS—TREATY DOCUMENT NO. 108–25

Mr. FRIST. As in executive session, I ask unanimous consent that the Foreign Relations Committee be discharged from further consideration of Treaty Document No. 108–25, the Protocol Amending the Tax Convention with the Netherlands.

I further ask unanimous consent that the Senate proceed to its consideration and to the accompanying resolution of ratification which is at the desk; that the treaty be considered as having passed through its various parliamentary stages, up to and including the presentation of the resolution of ratification; that any statements be printed in the CONGRESSIONAL RECORD as if read; and that the Senate immediately proceed to a vote on the resolution of ratification; further, that when the resolution of ratification is voted upon, the motion to reconsider be laid upon the table, and that the President be notified of the Senate's action.

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

Mr. FRIST. Mr. President, I ask for a division vote on the resolution of ratification.

The PRESIDING OFFICER. A division vote is requested. Senators in favor of the resolution of ratification will rise and stand until counted.

Those opposed will rise and stand until counted.

On a division, two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

The resolution of ratification is as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Protocol Amending the Convention Between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Washington on March 8, 2004 (T. Doc. 108–25).

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

● Mr. BIDEN. Mr. President, today the Senate considered a protocol to the current tax convention between the United States and the Kingdom of the Netherlands. There is substantial trade and cross-border investment between our two countries; the tax convention provides an important basis for facilitating this economic relationship. The original convention was concluded in the early 1990s, and there have been several developments in U.S. tax treaty policy in the intervening years that the protocol seeks to address. It contains several significant provisions, including a revised provision designed to ensure that the treaty cannot be used for inappropriate purposes—a so-called antitreaty-shopping provision. I commend Chairman LUGAR for his diligence in bringing the protocol before the Senate.

During the Foreign Relations Committee's review of the protocol, I raised a concern about a provision in the current treaty that is not addressed by the protocol. Article 24(1) of the current treaty permits the United States to tax former citizens for a period of 10 years after they lose their citizenship, if the loss of their citizenship has as one of its principal purposes the avoidance of income tax. With one exception, this provision in the treaty is consistent with U.S. law—specifically, section 877 of the Internal Revenue Code—as it existed at the time the treaty was concluded. The exception is this: the treaty does not allow the United States to tax former citizens who become nationals of the Netherlands. Such an exclusion for nationals of the treaty partner is unique in our tax treaty practice; it is not found in any other treaty, nor is it contained in our model treaty.

The protocol before the Senate does not close this gap. Consistent with statutory amendments made by Congress in 1996, it does extend the taxation authority of the United States to former long-term residents who leave the United States to avoid taxation. But the exclusion for nationals of the Netherlands remains.

Maintaining this exclusion for nationals of the Netherlands is unwarranted, and raises two concerns. First, I wanted to be sure that retaining the exclusion would not serve as a precedent in future tax treaty negotiations. The Treasury Department has noted that such an exclusion for nationals of the treaty partner has not been included in over two dozen tax treaties negotiated since the treaty with the Netherlands entered into force. More important, the Treasury has committed in writing that it does not intend the provision in the Netherlands treaty to serve as a precedent in the future.

Second, I was concerned that maintaining the exclusion might subvert the purpose of section 877 of the Internal Revenue Code. Based on the information we have received from the Treasury, and after consultation with the staff of the Joint Committee on Taxation, it seems unlikely that the provision in the treaty will, in practice, undermine the operation of section 877. The reasons for this are set forth in detail in the materials that I will seek to include in the RECORD.

Finally, it is worth noting that Congress amended section 877 in section 804 of The American Jobs Creation Act of 2004, also known as the FSC/ETI bill, which was enacted last month. The primary purpose of the provision remains: to continue to tax people who expatriate in order to avoid tax. But the test under the revised section 877 is a more objective test—one based on income levels—than had been applied under the prior law. A question therefore arises about the relationship between the revised language in section 877 and the provision in the U.S.-Netherlands treaty, which uses a more subjective test of whether a ''principal purpose'' of the expatriating act is to avoid taxation. In a letter that I will insert in the RECORD, the Treasury has set forth information about its intentions for applying the treaty provision in light of the revisions to section 877.

The committee on Foreign Relations held a hearing on the protocol on September 24, 2004. The committee did not vote on the protocol, however, and therefore there is no committee report. So that may colleagues and the public will have a better understanding of the issues I have described, I will ask consent to include two sets of documents in the RECORD. The first is a series of questions for the record that I submitted after the hearing, and the responses from the Treasury witness at the hearing, Barbara Angus, who serves as the international tax counsel at the Department. It should be noted that these questions and answers for the record were written before enactment of the revisions to section 877 of the Internal Revenue Code in the FSC/ETI bill. The second set of documents is an exchange of letters between myself and Ms. Angus on November 15, 2004, which elaborates on the issues that I have discussed, including the Department's intentions for interpreting the revisions to section 877.

Accordingly, I ask unanimous consent to have printed in the RECORD the materials I have described.

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

TREASURY DEPARTMENT RESPONSE TO QUESTION FOR THE RECORD FROM SENATOR BIDEN TO BARBARA ANGUS, WITH RESPECT TO THE PROPOSED PROTOCOL TO THE INCOME TAX CONVENTION BETWEEN THE UNITED STATES AND THE KINGDOM OF THE NETHERLANDS—OCTOBER 6, 2004

QUESTION

Section 877 of the Internal Revenue Code provides for continued taxation of former citizens and long-term residents of the United States if one of the principal purposes of the loss of U.S. citizenship or change of residence status is the avoidance of taxes.

When Congress amended Section 877 in 1996 to extend this provision to former long-term residents, the conference report on the legislation stated that ''it is intended that the purpose of the expatriation tax provisions, as amended, not be defeated by any treaty provision. The Treasury Department is expected to review all outstanding treaties to determine whether the expatriation tax provisions, as revised, potentially conflict with treaty provisions and to eliminate any such potential conflicts through renegotiation of the affected treaties as necessary. Beginning on the tenth anniversary of the enactment of the House bill, any conflicting treaty provisions that remain in force would take precedence over the expatriation tax provisions as revised.'' (Conf. Rept. on the Health Insurance Portability and Accountability Act of 1996, H. Rept. 104–736, at 329). The Internal Revenue Service subsequently issued guidance stating that it ''will interpret section 877 as consistent with U.S. income tax treaties. To the extent that there is a conflict, however, all provisions of section 877, as amended, prevail over treaty provisions in effect on August 21, 1996.'' (Internal Revenue Bulletin 1997–10, Mar. 10, 1997, at 48.) Presumably, however, the effect of this guidance expires in 2006, as set forth in the above-quoted conference report.

Article 6 of the protocol pending before the Committee extends Article 24(1) and its authority over residents and nationals to former long-term residents, but retains an exclusion for nationals of the Netherlands, whether or not they are former citizens or former long-term residents. Thus, rather than follow the 1996 directive urging the elimination of any potential conflicts between a tax treaty and Section 877, the protocol appears to preserve an existing conflict (for former citizens who are Dutch nationals) and create a new one (for former long-term residents who are Dutch nationals). This exclusion of the treaty partner's nationals also departs from the U.S. model tax treaty.

Please answer the following questions:

a. Is the exclusion in Article 24(1) for nationals of the Netherlands found in any other U.S. tax treaty? If not, why is it contained in the U.S.-Netherlands treaty?

b. Was the exclusion for nationals of the Netherlands in Article 24(1) of the underlying treaty discussed in the negotiations of the Protocol? Did the United States propose amending this provision? Please elaborate.

c. Why was the exclusion for nationals of the Netherlands in Article 24(1) extended to former long-term residents?

d. What is the estimated fiscal effect of (1) retaining the exclusion for nationals of the Netherlands who were formerly U.S. citizens; and (2) extending the exclusion to nationals of the Netherlands who were formerly long-term residents?

RESPONSE

Section 877 of the Internal Revenue Code, which has been part of the U.S. tax law since 1966, provides for special tax treatment of former U.S. citizens who gave up their citizenship to avoid U.S. tax. Amendments enacted in 1996 strengthened these tax rules and extended the special tax treatment to apply also to certain former long-term U.S. permanent residents who gave up such status to avoid U.S. tax.

Under section 877, former U.S. citizens and certain former long-term U.S. residents are subject to special rules that impose U.S. tax on certain categories of income that have a connection to the United States; these special tax rules are applicable for the 10-year period following the individual's relinquishment of U.S. citizenship or long-term resident status. The special tax rules apply only to individuals who relinquish U.S. citizenship or long-term resident status for a principal purpose of avoiding U.S. income or estate and gift taxes. For this purpose, a presumption of tax avoidance motive applies in the case of certain individuals whose net worth or average annual net income tax liability exceeds specified thresholds; this presumption does not apply, however, to individuals who meet specified criteria.

Section 877 provides that the presumption of tax-avoidance motive (which otherwise would apply if the individual's net worth or average tax liability exceeds the specified thresholds) does not apply to former U.S. citizens who fall into one of the following classes and who submit a ruling request to the Internal Revenue Service:

(i) former U.S. citizens who were dual citizens at birth and who have remained citizens of the other country;

(ii) former U.S. citizens who become citizens of their country of birth, their spouse's country of birth, or one of their parents' countries of birth;

(iii) former U.S. citizens who for the 10 years prior to expatriation were present in the United States for no more than 30 days in any year; and

(iv) former U.S. citizens who gave up their U.S. citizenship before age 18½. Analogous exceptions apply in the case of former long-term U.S. residents.

The special tax rules of section 877 apply only when there is a tax-avoidance purpose for an individual's relinquishment of U.S. citizenship or U.S. long-term resident status. These exceptions to the presumption of tax-avoidance motive recognize that individuals who have close personal ties to another country are likely to have non-tax reasons for a decision to give up U.S. citizenship or long-term resident status.

The U.S.-Netherlands treaty sets forth specific guidance regarding how each country is to tax individuals who are resident in the other country. Although the treaty, like all other U.S. tax treaties, generally limits each country's ability to tax residents of the other country, the treaty contains specific rules that permit the United States to apply its domestic tax rules to U.S. citizens who are resident in the Netherlands. The treaty further provides a rule under which the United States may apply its domestic tax rules to former U.S. citizens who are resident in the Netherlands and who are not Netherlands nationals. The proposed protocol would add to the treaty a rule that extends this same treatment to former U.S. long-term residents who are resident in the Netherlands and who are not Netherlands nationals.

The provision in Article 24(1) of the U.S.-Netherlands income tax treaty that limits the imposition of the special U.S. tax rules under section 877 when applied to Netherlands nationals is unique among U.S. tax treaties. However, this exception for Netherlands nationals is not qualitatively different from the underlying approach reflected in section 877 as amended in 1996. As described above, section 877 provides several exceptions to the tax-avoidance presumption, including exceptions for individuals who are (or become) citizens of the country in which they (or certain family members) were born or who have very limited links to the United States. These exceptions in section 877 are in several cases broader than the exception for Netherlands nationals in the U.S.-Netherlands treaty.

The provision in the U.S.-Netherlands treaty is not expected to produce significantly different results than would be provided under section 877 in practice. As described above, the special tax treatment provided in section 877 applies only in the case of individuals whose relinquishment of U.S. citizenship or long-term resident status had a principal purpose of tax avoidance. Because the Netherlands imposes substantial tax on individuals who are resident there (and only resident individuals who are subject to Netherlands tax are eligible for the benefits of the U.S.-Netherlands tax treaty, including the provision that limits the imposition of U.S. tax), individuals who are trying to avoid tax are unlikely to become residents of the Netherlands. Indeed, pursuant to section 877, the Internal Revenue Service has issued rulings in cases involving Netherlands nationals who relinquished U.S. citizenship or long-term resident status in order to return to the Netherlands, concluding that the individuals did not have a principal motive of tax avoidance and therefore were not subject to the special tax rules provided in section 877. Moreover, because section 877 requires the United States to provide a credit against U.S. tax for tax paid in the country of residence, the application of section 877 to a resident of the Netherlands is unlikely to result in significant U.S. tax (given the substantial tax imposed by the Netherlands on the income of individuals who are resident there).

Although the Netherlands agreed to the application of the special rules of section 877 to residents of the Netherlands who are former U.S. citizens or long-term residents, for a period of 10 years when loss of U.S. citizenship or long-term resident status had as one of its principal purposes the avoidance of U.S. income tax, the exception for Netherlands nationals contained in the 1993 treaty (and continued in the proposed protocol) was important to the Netherlands. This position reflects the underlying view that the special tax rules applicable in the case of tax-avoidance motivated changes in citizenship or residence should not be applicable in cases where the move is to go home. As noted above, the rules of section 877 and the exceptions contained therein reflect a similar perspective.

In light of the limited potential impact of the exception for Netherlands nationals, it was determined that continuation of the exception in the proposed protocol was not inappropriate, particularly given the narrow scope of the proposed protocol. The focus of the proposed protocol is on the withholding tax treatment of dividends and the limitation on benefits provisions. Both countries were interested in the prompt conclusion of a protocol to address these important issues. For the United States in particular, it was a matter of priority to secure improvements to the limitation on benefits provisions in order to prevent the potential for inappropriate use of the treaty through treaty shopping. It is important that the ground-breaking changes to the limitation on benefits provision reflected in the proposed protocol enter into force as soon as possible. In addition, there also were significant benefits to the United States in having the new limitation on benefits rules contained in the proposed protocol become public as soon as possible in order to establish a precedent in terms of strengthened anti-treaty-shopping provisions for other ongoing treaty negotiations. In order to achieve these goals, at the start of negotiations both countries agreed that this protocol would not address other issues where there were differences between the two countries that could slow the process and jeopardize an important agreement.

While this protocol did not revisit the agreement reached in 1993 regarding the treatment of Netherlands nationals under the special rules applicable to former U.S. citizens, the proposed protocol does include a straightforward extension of these special rules regarding U.S. taxing jurisdiction of Netherlands residents contained in the current treaty to provide for coverage of former U.S. long-term residents to the same extent as former U.S. citizens. The current treaty does not contain special rules providing for U.S. taxing jurisdiction over former long-term residents. In addition, other significant 1996 changes strengthening section 877, such as the inclusion of new categories of income subject to the special tax rules, are applicable under the treaty.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, November 15, 2004.

Ms. BARBARA ANGUS,
International Tax Counsel, Department of the Treasury, Washington, DC.

DEAR MS. ANGUS: I write regarding the protocol to the U.S.-Netherlands tax treaty now pending before the Senate.

As you know, I have been concerned about the continuation of the exclusion from U.S. taxation authority for nationals of the Netherlands set forth in Article 24(1) of the current U.S.-Netherlands tax treaty. Such an exclusion is unique to the Netherlands treaty, and is not contained in the U.S. model treaty. I am therefore concerned that this provision not serve as a precedent in future tax convention negotiations, and would be grateful for any assurances you can provide in this regard.

Since the Committee's hearing on the protocol, the Congress has approved and the President has signed into law a measure that modifies section 877 of the Internal Revenue Code (Sec. 804 of The American Jobs Creation Act of 2004, Pub. Law 108-357); that provision of law, as you know, provides for special tax treatment of former U.S. citizens and long-term nationals who expatriate. The revised section 877 sets forth an objective test with regard to such individuals, replacing the prior version, which focused on whether the expatriating individual had as a principal purpose the avoidance of U.S. taxation.

In previous exchanges between the Department and the Committee, Department officials have asserted to the Committee that the exclusion in Article 24 for nationals of the Netherlands would not produce a significantly different result in practice than would be provided under section 877. I would appreciate the Department's views on whether that remains the case under the revised section 877.

Finally, a question arises about the interaction between Article 24 and revised section 877. As noted, the latter now contains an objective test; the former provides for continued taxation for 10 years of former U.S. nationals and long-term U.S. residents—provided they are not nationals of the Netherlands—in cases where the loss of such status "has as one of its principal purposes the avoidance of income tax." I am interested in knowing the Department's views on how it will interpret and apply these provisions, not only under the U.S.-Netherlands treaty but also in the case of similar bilateral tax treaties currently in force.

I appreciate your attention to this matter. I expect that the Senate will consider the protocol to the U.S.-Netherlands treaty during this week's session, and I would therefore be grateful for a prompt response to the issues that I have raised.

Sincerely,

JOSEPH R. BIDEN, Jr.,
Ranking Minority Member.

DEPARTMENT OF THE TREASURY,
Washington, DC, November 15, 2004.

Hon. JOSEPH R. BIDEN, Jr.,
Ranking Member, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR SENATOR BIDEN: I am writing in response to your letter of November 15, 2004, regarding the pending protocol amending the existing tax treaty with the Netherlands. Your letter focuses on the particular provisions in the U.S.-Netherlands treaty and protocol relating to the tax treatment of certain former U.S. citizens and former U.S. long-term residents. You also asked about the interaction of the provisions in this treaty, and in other treaties, with the provisions of section 377 of the Internal Revenue Code as amended by the American Jobs Creation Act enacted last month.

The U.S.-Netherlands treaty includes a provision under which the United States may apply its domestic tax rules to former U.S. citizens who are resident in the Netherlands and who are not Netherlands nationals. The pending protocol would add to the treaty a rule that extends this same treatment to former U.S. long-term residents. The provision in the U.S.-Netherlands treaty that limits the imposition of the special U.S. tax rules under section 877 when applied to individuals who are Netherlands nationals is unique among U.S. tax treaties. This special rule with respect to nationals was incorporated in the U.S.-Netherlands tax treaty in 1993 and has not been included in any other treaties since that time. None of the twenty-seven agreements that have entered into force since the Netherlands treaty entered into force includes such a rule for nationals. This special rule in the U.S.-Netherlands treaty has not served as a precedent for other treaties and we do not intend for it to serve as a precedent going forward.

In my response to your questions for the record, I explained why we believed that the continuation of the special rule for Netherlands nationals in the U.S.-Netherlands treaty would not produce significantly different results than would be produced under U.S. domestic law in practice. We continue to believe that will be the case following the recent amendments to section 877. Although the test in section 377 has been modified to make it more objective, key considerations underlying our view regarding the practical result were the fact that the Netherlands imposes substantial taxes on individuals and the fact that section 877 provides for a credit that reduces the U.S. tax otherwise due by the tax paid in the country of residence. There has been no change with respect to this factual background.

More generally, you asked about our intentions regarding the interpretation of the treaty language which preserves U.S. taxing jurisdiction over former U.S. citizens and former U.S. long-term residents where the individual's relinquishment of citizenship or resident status has "as one of its principal purposes the avoidance of tax". The quoted language regarding principal purpose has long been included in the U.S. Model Income Tax Convention and thus appears in many U.S. tax treaties. This treaty language was intended to be read consistently with section 877. Following the modification of section 877 in 1996 to add objective tests, we have taken the position that those objective tests represent the administrative means by which the United States determines whether a taxpayer has a tax avoidance purpose. The recently-enacted changes represent a further step in this direction and are intended to facilitate the administration of the special tax rules of section 877 by making the rules more objective; however, the underlying purpose of section 877 has not changed. Accordingly, we intend to continue to take the position, in interpreting the "principal purpose" language in the U.S.-Netherlands treaty and other existing treaties, that the objective tests in section 877 as recently amended represent the means by which the United States detemines tax avoidance purpose.

We appreciate your interest in this issue. The pending protocol to the U.S.-Netherlands tax treaty will substantially improve a long-standing U.S. treaty relationship and we believe it is in the interest of the United States to bring this agreement into force as soon as possible.

Sincerely yours,

BARBARA M. ANGUS,
International Tax Counsel.●

ORDERS FOR THURSDAY, NOVEMBER 18, 2004

Mr. FRIST. I ask unanimous consent that when the Senate completes its business today, it adjourn until 10 a.m. on Thursday, November 18. I further ask that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate then begin a period of morning business with Senators permitted to speak for up to 10 minutes each.

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

PROGRAM

Mr. FRIST. Mr. President, tomorrow the Senate will be in a period of morning business. Senators are encouraged to use this time, as I mentioned early this morning, to deliver their tribute speeches to departing Members. While rollcall votes are unlikely during tomorrow's session, Senators should note we will have a lot of work to do prior to adjourning. Moments ago I filed a cloture motion on the Miscellaneous Tariffs conference report. That vote will occur Friday morning. In addition, we must complete action on the remaining appropriation bills which we hope to receive from the House on Friday. We will also consider any additional nominations and conference reports as they become available.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:44 p.m., adjourned until Thursday, November 18, 2004, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate November 17, 2004:

NATIONAL MUSEUM AND LIBRARY SERVICES BOARD

A. WILSON GREENE, OF VIRGINIA, TO BE A MEMBER OF THE NATIONAL MUSEUM AND LIBRARY SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 2009. (REAPPOINTMENT)

KATINA P. STRAUCH, OF SOUTH CAROLINA, TO BE A MEMBER OF THE NATIONAL MUSEUM AND LIBRARY SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 2009, VICE ELIZABETH J. PRUET, TERM EXPIRING.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. STANLEY E. GREEN, 0000