

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

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

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

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

words the pollsters have told them to use to try to get reelected.

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

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

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

At this point, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

#### STATE OF THE ECONOMY

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

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

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

This first chart demonstrates economic growth as measured by GDP, gross domestic product. The bars on the chart represent quarters. The quarters with positive GDP growth are represented by blue bars. Quarters with declines in GDP are represented by red bars. If you will notice here in the beginning of 2000, the economy started to shrink—that which we refer to as the recent recession which began in 2000. These are the quarters in which that happened. We got a recovery starting

in the fourth quarter of 2001, but as these bars above the zero line demonstrate, the recovery was pretty anemic. Not much happened for a little over a year, as the recovery did not get traction. The recovery took off in the second quarter of 2003. That happens to be the time that we passed tax relief. Economists will argue as to whether the tax relief that was passed at that time is responsible for the recovery, but as they say in Manhattan, "it couldn't hurt," because the tax relief was passed there, and we see the strong economic growth that has occurred ever since the second quarter of 2003.

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

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

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

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

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

there was a recession, real wage growth went down; recession, real wage growth went down; recession, real wage growth went down. In this recession, real wage growth did not go down as much as it historically has; real wages stayed higher than they have been in the past.

During this period of recovery, it looks like—yes, that argument has merit—real wages are going down. However, one of the things we have to recognize is that this chart does not include benefits. When you add benefits to wages and get the total compensation that goes into someone's pocket, the picture changes. Consider the next chart. Again, the dark blue line on the chart is productivity, and it shows that employee compensation in total in a recession goes down as productivity goes up. It goes down as productivity goes up. It goes down as productivity goes up. It goes down as productivity goes up. And then, when the recovery takes hold, real compensation comes back up above the line.

Here are the facts. Taking this as the line between growth and shrinkage, real employee compensation, including benefits, has been in positive territory. It went below that, just as it has in every previous recession, but when the recovery took hold, employee compensation has gone into positive territory and come back up to join productivity, just as it has done historically.

Where do we get these arguments that real wages are going down? It is the difference between the two charts. The difference is that one chart looks at wages only, and ignores benefits. The other shows total worker compensation that includes wages and salaries, but also benefits workers receive. Now we can consider some statistics that I hope make the importance of the distinction between wages only and wages plus benefits very clear. The employment cost index data shown in the final chart shows that in the 1980s, real compensation growth grew at a 0.82 percent rate. In the 1990s, coming after the recession—we have taken the recession out of this—the period of growth during the Clinton administration stayed at virtually the same level. But from 2001 to the present, it is much stronger, at 1.11 percent.

How can that be, given the rhetoric we have heard? Well, if you go to the salary growth, take out the benefits, you find that portion of that wage and salary growth was 0.46 in the 1980s. It was 0.82 percent in the 1990s. It was only 0.39 since the beginning of 2001. This is the number which is being focused on as a demonstration of the fact that people's wages are not that good. But when you look at the benefits growth, you find that benefits grew in the 1980s at 1.76 percent. In the 1990s, at 0.73 percent growth, there was very anemic benefit growth. That is why this number is so close to this number, because the benefit growth actually pulled this number down. But when you get to what has happened from the beginning of 2001 to now, people are con-

tracting for more benefits. The benefit growth is extremely strong, which is why real compensation is stronger in the post-2000 period than it was in either of the previous two decades—not a bad economic record since the year 2000 and the recession we had.

I have more to say on this, but I recognize that other Senators wish to speak, so I will conclude here. I wish to make it clear that the facts demonstrate that we have a strong economy currently going, and the facts demonstrate that real compensation is keeping up with it. Productivity is going up at an accelerated rate, and real compensation is also going up at an accelerated rate. We should be proud of what we have accomplished since coming out of the recession of 2000.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, can you tell me what the order before the Senate is at this moment?

The PRESIDING OFFICER. The majority has 2 minutes remaining in morning business.

Mr. DURBIN. Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I ask unanimous consent that Senator LIEBERMAN and I be recognized for 30 minutes equally divided, but that prior to that recognition, my colleague from South Dakota be recognized for not to exceed 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. DURBIN. Mr. President, I will not object, but I ask to be recognized for 10 minutes after the Senator from South Dakota, and I believe the Senator from North Dakota will be seeking recognition for 20 minutes. I don't know when Senator LIEBERMAN is arriving. Would it be appropriate now to lock in these three requests—10 minutes for the Senator from South Dakota, 10 minutes for myself, and 20 minutes for the Senator from North Dakota?

Ms. COLLINS. Mr. President, I know of no objection to that request. I would not object.

Mr. DURBIN. Mr. President, I make a unanimous consent request that the Senator from South Dakota be recognized for 10 minutes, I be recognized for 10 minutes, followed by the Senator from North Dakota for 20 minutes, and the Senators from Maine and Connecticut be recognized for 30 minutes.

Ms. COLLINS. If the Senator will withhold, I will object to that because the Senator from Connecticut and I had been planning to speak at 11:30. So what I would suggest, if it would be acceptable to the Senator from Illinois, is that the Senator from Connecticut and I would cut our time from 30 minutes to 20 minutes but proceed immediately before the other Members are recognized. Would that be acceptable

to the Senator from Illinois, since we were here first?

Mr. DURBIN. The Senator from Maine is so persuasive. I don't know if the Senator from South Dakota still wants recognition.

Mr. THUNE. Yes.

Mr. DURBIN. So I ask unanimous consent that the Senator from South Dakota be recognized for 10 minutes, the Senators from Connecticut and Maine for 20 minutes combined, and then the Senator from North Dakota and myself for 30 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from South Dakota is recognized.

#### THE WAR ON TERROR

Mr. THUNE. Mr. President, I rise to speak today about one of the great issues that faces us in this era, the war on terror. I rise to speak in support of the efforts being undertaken by our soldiers in Iraq. I consider my place on the Armed Services Committee to be an honor and a privilege. American soldiers are deployed the world over, and it is my duty to serve and to support them.

Today, our country is at war against an ideology of hate and oppression that has turned a peaceful religion into a platform for war. Our soldiers have faced such adversities throughout our history and defeated them. That is why yesterday I voted in favor of a constitutional amendment to protect the flag, which represents what our soldiers have always fought for.

The fight to combat Islamic fascism has not ended. Our soldiers, alongside Iraqi security forces, are fighting against the enemies of a free Iraq—enemies like Zarqawi, who made war on Americans and Iraqis alike. Zarqawi butchered innocent Iraqis in the streets with the hopes that he could intimidate them into submission or spark a civil war where his ideology of hatred could live. Zarqawi was wrong, and now he is dead.

Further, today we have reports that Iraqi security forces arrested a key al-Qaida figure who was involved in the destruction of the golden al-Askariya Mosque. Moreover, the Iraqis have not abandoned hope and neither should we. To the contrary, Iraqi and American forces are working together to bring a fledgling democracy into maturity. Iraqis are risking their lives so that their future generations can enjoy the freedoms of liberty.

While the Iraqis work toward unity, the U.S. Congress seems to be heading toward disunity. I am concerned over the increasingly visceral, unobjective, and unconstructive rhetoric launched by some on the other side regarding the global war on terrorism. I tried to remain silent on this matter waiting for the Democratic leadership to offer a constructive plan or enter into a constructive dialog. Unfortunately, neither of these things has happened.