health insurance exchanges so people can shop and find more different kinds of policies. Fifth, most all of us agree we need to encourage more health information technology and make health care simpler in that way. Perhaps we could even agree to change the tax incentives so that they don't all go to one group of people and are not going to lower and middle-income people.

There are four or five or six or seven ideas we could go step by step with to reduce costs. If we did that, we would be moving in the right direction. It is the wrong direction to start the health care debate with a vote that adds a quarter of a trillion dollars to the national debt at a time when we just added $1.4 trillion to the national debt in the past year. Of course we need to fix the doctors reimbursement, but it needs to be paid for by—it can't be added to the debt.

Whatever steps we take ought not just reduce the cost to the government; they need to reduce the costs to Americans, all of us who have health care insurance. Let's find ways to go step by step to reduce costs to the government and to reduce costs to premium holders and not start off by adding a quarter of a trillion dollars to the national debt.

EXHIBIT 1

[From the Tennessean]

DEFICIT LEAPS TO $1.4 TRILLION

(By Martin Crutsinger)

WASHINGTON.—What is $1.42 trillion? It's the federal budget deficit for 2009, more than three times the most red ink ever amassed in a single year.

It's more than the total national debt for the first 200 years of the republic, more than the entire economy of India, almost as much as Canada's, and more than $4,700 for every man, woman and child in the United States.

As a percentage of U.S. economic output, it's the biggest deficit since World War II.

And, some economists warn, unless the government makes hard decisions to cut spending or raise taxes, it could be the seeds of another economic crisis.

Treasury figures released Friday showed that the government spent $46.6 billion more in September than it took in, a month that normally records a surplus. That boosted the shortfall for the full fiscal year ending Sept. 30 to $1.42 trillion. The previous year's deficit was $459 billion.

"The rudderless U.S. fiscal policy is the biggest long-term risk to the U.S. economy," says Kenneth Rogoff, a Harvard professor and former chief economist for the International Monetary Fund. "As we accumulate more and more debt, we leave ourselves very vulnerable."

Forecasts of more red ink mean the federal government is heading toward spending 15 percent of its money by 2019 just to pay interest on the debt, up from 5 percent this fiscal year.

President Barack Obama has pledged to reduce the deficit once the Great Recession ends and the unemployment rate starts falling, but economists worry that the government lacks the will to make the hard political choices to get control of the imbalances.

Friday's report showed that the government paid $190 billion in interest over the last 12 months on Treasury securities sold to finance the federal debt. Experts say this tab could quadruple in a decade as the size of the government's total debt rises to $17.1 trillion by 2019.

Without significant budget cuts, that would crowd out government spending in such areas as transportation, law enforcement and education. Already, interest on the debt is the third-largest category of government spending, after the government's popular entitlement programs, including Social Security and Medicare, and the military.

As the biggest borrower in the world, the government has been the prime beneficiary of today's record low interest rates. The new budget report showed that interest payments fell by $62 billion this year even as the debt was soaring. Yields on three-month Treasury bills, sold every week by the Treasury to raise fresh cash to pay for maturing government debt, are now at 0.065 percent while six-month bills have fallen to 0.150 percent, the lowest ever in a half-century of selling these bills on a weekly basis.

The risk is that any significant increase in the rates at Treasury auctions could send the government's interest expenses soaring. That could happen several ways—higher inflation could push the Federal Reserve to increase the short-term interest rates it controls, or the dollar could slump in value, or a combination of both.

SPENDING LIKELY TO INCREASE

The Congressional Budget Office projects that the nation's debt held by investors both at home and abroad will increase by $9.1 trillion over the next decade, pushing the total to $17.1 trillion under Obama's spending plans.

The biggest factor behind this increase is the anticipated surge in government spending when the baby boomers retire and start receiving Social Security and Medicare benefits. Also contributing will be Obama's plans to extend the Bush tax cuts for everyone except the wealthy.

The $1.42 trillion deficit for 2009—which was less than the $1.75 trillion that Obama had projected in February—includes the cost of the government's financial sector bailout and the economic stimulus program passed in February. Individual and corporate income taxes dwindled as a result of the recession. Coupled with the impact of the Bush tax cuts earlier in the decade, tax revenues fell 16.6 percent, the biggest decline since 1932.

Immense as it was, many economists say the 2009 deficit was necessary to fight the financial crisis. But analysts worry about the long-term trajectory.

The administration estimates that government debt will reach 76.5 percent of gross domestic product—the value of all goods and services produced in the United States—in 2019. It stood at 41 percent of GDP last year. The record was 113 percent of GDP in 1945.

Much of that debt is in foreign hands. China holds the most—more than $800 billion. In all, investors—domestic and foreign—hold close to $8 trillion in what is called publicly held debt. There is an additional $4.4 trillion in government debt that is not held by investors but owed by the government to itself in the Social Security and other trust funds.

INFLATION IS A THREAT

The CBO's 10-year deficit projections already have raised alarms among big investors such as the Chinese. If those investors started dumping their holdings, or even buying fewer U.S. Treasurys, the dollar's value could drop. The government would have to start paying higher interest rates to try to attract investors and bolster the dollar.

A lower dollar would cause prices of imported goods to rise. Inflation would surge. And higher interest rates would force consumers and companies to pay more to borrow to buy a house or a car or expand their business.

Most economists say we have time before any crisis hits. In part, that's because the recession has erased worries about inflation for now. In its effort to stimulate the economy, the Fed cut a key interest rate to a record low last December and is expected to keep it there possibly through all of next year. Demand for loans by businesses and consumers is so weak that low rates are not seen as a recipe for inflation.

Robert Reischauer, a former head of CBO, said that in an optimum scenario, Congress will tackle the deficits next year. A package of tax increases and spending cuts could be phased in starting in 2013 and gradually grow over the next decade.

Mr. ALEXANDER. I thank the President, and I yield the floor.

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

EXTENSION OF MORNING BUSINESS

Mr. KAUFMAN. Mr. President, I ask unanimous consent that morning business be extended until 5:30.

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

IN PRAISE OF KENNETH E. CARFINE

Mr. KAUFMAN. Mr. President, I rise once again to recognize the service of one of America's great Federal employees. I feel fortunate to have a chance to stand here each week and share so many inspiring stories. Since the spring, I have recognized the contribution of public servants from a number of Departments, including Defense, Labor, Agriculture, and Justice, as well as Agencies such as NASA and CIA. Today, I will be speaking about an outstanding employee from the Department of the Treasury.

This is a time of great challenge to our economy, our markets, even the power of our currency. But the men and women of the Treasury and its various agencies and offices are working tirelessly on recovery and securing our prosperity. The impact they make through their daily work can be felt from coast to coast. Public servants at the Treasury Department serve on the front lines of job creation, public investment, and the management of tax income. They carry on the tradition of Alexander Hamilton, our first Treasury Secretary, who believed the health and prosperity of our Nation depended on the strong management and oversight of public funds. He laid the foundations of America's financial system, which the employees in the Treasury Department reinforce each day.

Kenneth Carfine has been serving the American people and the Treasury Department for 35 years.

A graduate of the University of Baltimore, Kenneth joined the Treasury Department's Financial Management Service in 1973, the same year I came to the Senate to work for then-Senator BIDEN. During his time there, Kenneth