

In the entitlement area, the President has also said we have to slow the rate of growth of entitlements. This chart, as I mentioned, shows that as being an absolutely critical decision. It is about time we do.

He, of course, has suggested an entire national debate on the issue of Social Security. It is not part of this budget. In the Budget Committee, I don't have much impact on Social Security. It is outside our purview. But he also has been willing to step forward on a number of other entitlement programs—specifically Medicaid, where he has made a suggestion which I think makes a lot of sense as a goal. He essentially said, Governors, we will give you an increase that you can use for the purposes of bringing more kids into the Medicaid Program, which is what our goal should be under Medicaid, but the increase isn't going to be as great as you want. However, at the same time, we are going to give you dramatically more flexibility on how you spend that money.

I don't know a Governor who is worth his or her salt in this country today who wouldn't be willing to get a little less money with a lot more flexibility and feel they can do a lot more effective job of delivering that money and getting services out to people who need Medicaid.

I think it is a good proposal, the type of proposal we should embrace and say that is probably going to be very good policy.

In any event, the difficulty of slowing the rate of growth of Medicaid and giving more flexibility to the Governors is one which I think we as a Congress can move forward and hopefully can be part of the budget.

I don't get to make the decisions as Budget chairman. I don't get to make any decisions. The leader may make decisions, and the Senator in the chair. But as Budget Committee chairman, I theoretically put forward a budget—sort of a blueprint, the mark that people work off of for the rest of the year. The Budget Committee comes out with top-line numbers. Then it is up to the Finance Committee to do the mechanics of how that number is going to work.

The President has laid out those specific ideas. But the Finance Committee is led by some very creative people. Senator GRASSLEY is one of the most creative people around. He has a talented group of people who may come up with a different way to approach this. But we should be able to agree that the rate of growth of those entitlements should be slowed. The same is true in other entitlement accounts which the President has addressed. I congratulate him for that.

There are two issues which have received a fair amount of attention from the press, and from the naysayers who gather around this Capitol talking

about fiscal discipline, trying to use this basically as a straw-dog argument. I always ask these folks, Where is your idea? Where are you going to make your difficult decisions for controlling spending? You don't usually get that answered. What you usually get is this: He doesn't include the issue of the war costs; or, he doesn't account for his tax cuts; or, the tax cuts are too high.

Let us address both of those issues.

First, on the war costs, the war costs should not be in the basic budget. They should be accounted for, and we are going to account for them. They should be very visible and transparent, and they will be. But these are not one-time items. Unfortunately, they are not. They are certainly two- or three-time items, and they won't be occurring 4 or 5 years out. This is a 5-year budget. The war will be over, hopefully, within a year or a year and a half when our need to put a lot of money into Iraq will drop dramatically. It is looking like that may be the case after these elections. We don't want to build into the base of the Defense Department the war costs so that 5 years from now we are giving the Defense Department all the money they are spending in Iraq as part of their base, because they are not going to need it.

This argument that the war costs are not included is a straw dog. It simply is not a good approach to fiscal accountability. It is appropriate that we account for it, and we will. It is appropriate that it be highlighted, and it will be. But it shouldn't be built into the base of the budget if 3 or 4 years from now we would be spending a lot of money on defense which was spent on the Iraq war and it should not be spent any longer on defense; it should be spent on something else or returned to the taxpayers in tax cuts, which gets me to the second issue.

You can't have it both ways, but some of our colleagues would like that. You cannot be opposed to the tax cut 2 years ago and then say taxes need to go up this year when the numbers show pretty distinctly two things.

One, as I mentioned earlier, because of the tax cut the recession was shallower, more people got back to work quicker, more people had money in their pockets to spend sooner, and as a result the economy recovered faster.

Two, tax revenues are up. They are up dramatically, and they are projected to continue to go up. They are up by 9.2 percent last year, 6.5 percent this year, and headed toward 7 percent next year. They are headed to continue to grow at that type of compounding for the foreseeable future, which means tax revenues are headed back to their historical place as a percentage of gross national product, which is about 7.9 percent; and they are getting there because we have more economic activity as a result of having put in place tax laws which create an incentive for

capital formation—jobs and economic activity.

The tax cuts are working in generating more revenue. If you were to raise taxes now on top of this embryonic economic recovery we are experiencing, you would flatten the recovery. And as a result, you would probably be reducing revenue rather than raising revenue because the economy would start to slow down. It would be the absolute wrong policy.

I await with great anticipation a budget from the other side of the aisle. I certainly hope they will put one out this year. They did not put one out when they were in charge of this place, and they didn't put one out last year, or the year before. I await with great anticipation to see the tax increases they will actually bring forward. Maybe they will be the same taxes or the exact same policy which we saw from Senator KERRY when he was in charge—not in charge. I should not say that, but when he was running for President. His proposal was to raise taxes on the highest income Americans and then spend the money, the net effect of which he was going to spend \$1 trillion more than he would take in which would have aggravated the deficit by \$1 trillion. That is, of course, a policy which, if those on the other side of the aisle want to continue to debate, we look forward to debating.

The bottom line is this: The President has proposed a stringent, responsible budget which moves us toward reducing the deficit by half in the next 4 years. That is what we need to do.

More importantly, the President has stepped forward on the key issues of the outyears—specifically Social Security and entitlement spending—to try to address so we can assure our children do not end up having to pay so much in taxes in order to support us in our retirement years when they cannot live as good and as full of a life as we have had.

I congratulate the President on his budget, and I look forward to working with this Congress in passing such a budget and moving toward fiscal responsibility in this country.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER (Mr. ALLEN). The majority leader.

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#### EXTENSION OF MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that morning business be extended 10 minutes to each side.

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

The Senator from Georgia is recognized.

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#### FISCAL RESPONSIBILITY

Mr. CHAMBLISS. Mr. President, I am pleased to hear our Budget chairman stand up and talk about real fiscal

responsibility. I am also very pleased to see that we have a President who continues to provide the kind of strong leadership Americans demand.

In 1994, when I was elected to the House of Representatives, I campaigned long and hard on the fact that we needed to move the Federal Government back to the same type of fiscal responsibility we ask every single American to make every month when they sit around their kitchen table; that is, not spend more money than we take in. Thank goodness, due to the economy thriving and surging ahead and due to fiscal responsibility on the part of Republicans and Democrats in the 1990s, we were able to not only balance the budget but achieve surpluses. Then along comes September 11, 2001. Since that point in time, we have operated in a deficit situation for a number of reasons.

First, revenues have been declining from the projected increases we thought we would have. But most significantly, we have seen an increase in Federal spending both in defense and nondefense areas, but also in homeland security-related areas irrespective of whether it is defense or nondefense. Therefore, we have seen ourselves projected back into a deficit-spending situation.

But we have a President who has made a commitment to the American people. He made it during the course of the campaign, and he is living up to what he talked about during the campaign; that is, we need to return to more of a balanced budget scenario so our children and grandchildren can see us operating in the black in the future, and we can tell them that we were fiscally responsible and that we will turn this country over to them with a new, sound fiscal condition.

Unless we have somebody who is as bold as this President is with this budget which he has come forward with, that is never going to happen. I am very pleased to see the President is leading us in the right way from a fiscally responsible standpoint.

That having been said, there are a number of programs in the President's budget that he has proposed eliminating. I think there are some 150 programs. In last year's budget that came from the White House, we saw a proposal to eliminate some 61 or 71 Federal programs that were not performing up to the standards at which they should be performing. Therefore, the President was proposing to eliminate those, very much like what he has done this time.

The problem is when those proposals reach Capitol Hill, we tend to look at those programs and then somebody has some parochial interest in those programs and they never get eliminated. I don't know what the programs are this time. I have not looked at the budget in that kind of detail. But I do hope—

and I know under the leadership of Senator GREGG as well as Senator CONRAD, who is very fiscally minded always—that we look at these programs which the President is suggesting, that we look at eliminating them, and that we give them serious consideration relative to their efficiency, to whether they are performing at the standard we have always anticipated they perform at, and if they are not performing, then we ought to consider eliminating them.

There are two areas of the budget I do have some concerns about. First of all, we are seeing an increase of about 5 percent in defense spending. I know the President is like me. He is very strong minded when it comes to defense issues. We have a very difficult situation, a very complex situation on our hands right now, relative to Iraq. We are still in the midst of a war. It is imperative that we continue to spend the money necessary to make sure America's military forces are the best trained, the best equipped fighting forces in the world. We need to make sure they have in their possession the latest, most technologically advanced weapons systems that are made anywhere in the world so they can protect freedom and democracy around the world; that they can accomplish what is being accomplished in Iraq today; that is, the liberation of the Iraqi people; that we are giving hope and opportunity to the people of Iraq in making sure they live in a free, open, and democratic society, in a country where freedom does reign; where they have an opportunity to provide a better quality of life for themselves and their children, unlike the society in which they have lived for the past 30 years under Saddam Hussein.

In order to do that, it is imperative we look at the weapon systems we are going to be purchasing over the next decade, over the next two decades, and into the future, because we not only have this conflict to consider, but we must also keep in mind there will be future conflicts out there. We need to make sure our men and women will continue to have the best weapon systems available to them to continue the fight for freedom around the world when freedom calls us.

In that regard, there are two particular weapon systems that are proposed to be eliminated in this budget that I have serious questions about: the FA-22—not that we are eliminating it, but the number we are going to buy—and also the C-130, which is a great weapon system, a weapon system that has been in our inventory for at least four decades, and we are into the fifth decade. Any time you turn on the TV, whether you see the Baghdad International Airport or whether you see the tsunami relief effort, you see C-130s flying the flag of America as well as other countries participating in national security issues.

It is critically important that we review the proposals relative to these two weapon systems. The C-130 is proposed to be eliminated, and the FA-22, we are thinking in terms of not buying as many as we originally thought we would buy.

I was in a meeting this morning at the Pentagon that the President happened to be in, and we had a very good discussion, a frank discussion with the Secretary of Defense and his colleagues relative not just to this issue but to the overall issues relative to Iraq, as well as the budget. I was pleased to hear they are going to continue to look at these two weapon systems, and hopefully we will make some changes from the budget that are more realistic, more reasonable, and decisions that are a lot more correct than the decisions contained within the budget.

The second area I will talk about that concerns me relative to this budget is the proposal to reduce the budget of the Department of Agriculture by some \$5.7 billion over 10 years. In 2002, we wrote the latest farm bill. That farm bill was a controversial farm bill. It has been criticized by conservatives. It has been criticized by liberals. It has been applauded by both sides as well. I happen to think it is the right kind of farm bill that allows our consumers in America to go to the grocery store and be able to continue to buy the most reasonable food products of any industrialized country in the world. We spend less money per dollar on food products in this country than any other industrialized country in the world. We have a guarantee that those products are safe and secure, and at the same time we provide the research that allows our farmers to produce the highest quality and the largest yields of agriculture products of anyone in the world.

All of that happens for one simple reason; that is, the action this body, as well as the House of Representatives, takes when we write a farm bill. That is exactly the result that happened from the 2002 farm bill.

This budget seeks to rewrite that farm bill and to reduce the amount of funding under that farm bill. That is wrong. We have to look at the proposals and make sure farmers and ranchers participate in the deficit reduction, which they have always been willing to do. They are the greatest people in America, even though they are small in number these days. They are hard-working, dedicated men and women who have made plans under the current farm bill for 6 years, which is the length of that farm bill. They made financial commitments, they leased land. They have their crop rotations planned out for 6 years. We are in the middle of that. We are in the third year of that.

Those who wrote the farm bill told the Members of the House of Representatives and the Members of the

Senate as well as the farm community that when we wrote that bill we were changing it philosophically to a farm bill that would extend a helping hand to our agriculture community in times of low yields and low prices, but when prices were good and yields were good the Federal Government was not going to be there in the way of commodity payments; that is exactly what happened.

It was projected by the CBO that we would spend for the first 3 years \$52 billion. The fact is, we have spent \$37.9 billion. The reason is, for 2 of those years, we have had good yields and we have had good prices, so payments have been down.

While I applaud the President and I applaud his administration for being fiscally responsible and coming forward with a budget that does meet his goal of cutting the deficit in half during the next 4 years, we have to be careful and make sure we do not throw the baby out with the bath water and that we make sure we approach this budget for the next 5 years in a sound and sensible manner, in a manner that makes sure our defense community is looked after and makes sure that all of America is looked after when it comes to our agriculture production and our ability to buy safe and secure products in the grocery store.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

#### THE BUDGET

Mr. ENSIGN. Mr. President, I rise today to talk about a process that many Americans face each year. Imagine your average American family with paper and pencil in hand, gathered around the kitchen table discussing their budget for the year. Their funds are limited—and going into a deficit is not an option for them, like it is for their Government. They must choose their priorities, cut the wasteful spending, and make sure that their spending does not add up to more than their income.

Here in the U.S. Congress, we've been tasked with the same job. Those tax-paying families that toil over their own budgets expect us to put the same thoughtfulness into how we spend their hard-earned money here in Washington, DC. And for too long, we have been largely irresponsible with how we spend their money. First, we have to prioritize our spending—and that means making tough choices.

Our top priority today must be our security. That includes the security of our borders and the safety of the brave servicemen and women in Iraq, Afghanistan, and around the world who are helping secure our borders and our freedom. We must be vigilant in making sure that our military has the tools it needs to get the job done.

We also cannot afford to turn our backs on the economic growth that we have been experiencing. Economic growth continued job creation are what will help bring increased revenue into the Government coffers and ultimately help reduce our deficit even further.

Now some critics of the President's budget in the Senate might say that we should raise taxes on the American family to reduce the deficit. I don't think that takes us in the right direction.

That kind of thinking fails to recognize how the tax cuts of 2001 and 2003 have helped our economy grow. This growth has resulted in 20 straight months of increased employment. In 2004 alone, America created 2.2 million new jobs. Each of these workers is gainfully employed and taking care of their own family. They are also paying taxes.

In fact, as a result of increased employment, even with lower tax rates, individual income tax revenue will increase almost \$73 billion this year. Overall revenue is expected to increase by almost \$125 billion this year. I think this is proof that the tax cuts worked. This is one important reason we have to make sure that we don't raise taxes on American families this year and in the years to come.

After we decide what our priorities are when it comes to spending, we have to make more difficult decisions about what we will cut from our budget. As we would tell our children and as we must sometimes remind ourselves, "Money doesn't grow on trees." Our budget must reflect the understanding that there are limits to how much we can spend—as is true for the typical family creating a budget.

Although it might be easier to continue throwing money at failing programs, it is not the right thing to do. If a program is not effective, it cannot expect to cruise on the Federal dole indefinitely. We must demand accountability, and we must focus on programs that are making a difference. I applaud President Bush for taking the position that "... a taxpayer dollar must be spent wisely, or not at all." That is the leadership we need in order to make these difficult reductions.

All Americans can work together to reduce Federal spending. Every tax-paying American should demand spending reform, demand that earmarks and pork barrel spending in the appropriations bills be eliminated, and call on Congress to eliminate the ineffective programs. Rather than having lobbyists and activists calling on Congress to increase spending for every program, Congress should force these groups to identify cost savings too.

For example, if you want more spending for one of the more successful housing programs, housing activists should be forced to identify a housing program that is a failure. That way

Congress can reallocate resources to the better run programs. This goes for every federally funded program. It should no longer be acceptable in America for our elected officials not to ask that hard question before increasing spending from one year to the next. The future of America's financial house demands a changed way of thinking.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LAUTENBERG. 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 New Jersey.

Mr. LAUTENBERG. I thank the Chair.

(The remarks of Mr. LAUTENBERG and Mr. CORZINE pertaining to the introduction of S. 308 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, may I inquire how much time remains on our side?

The PRESIDING OFFICER. There is 21 minutes 9 seconds.

Mr. HARKIN. I thank the Chair.

#### BUDGET PRIORITIES

Mr. HARKIN. President John Kennedy used to say that to govern is to choose. Certainly that is what a proposed budget is all about. It is about choices and priorities and the values that underlie them.

A budget is not just numbers. There are a lot of figures in there, but ultimately a budget is about people and priorities and what kind of an America we want. It speaks about the values of our country.

On that score, President Bush's proposed budget for 2006, sent yesterday to the Congress, speaks in the starkest of terms. Gone is any pretense of compassionate conservatism. Gone is any pretense of concern for the most needy in our society. Instead, what we see in the budget released yesterday is an unvarnished message that the far right rules, that the gloves are off, and future budgets will reflect traditional hard right priorities.

Specifically, the President's position is that the tax cuts for the very rich must not be touched. In fact, they must be made permanent. Moreover, two additional tax cuts for the very wealthy—tax cuts passed in the 2001 tax bill which become effective next year—must also not be touched. Meanwhile, President Bush proposes to slash critical life-supporting programs for veterans, schoolchildren, the sick, the poor, the disabled, the most vulnerable in our American family.