

You say to yourself: Is it a moral failure in America that has led to more bankruptcies? No, it is the lack of health insurance; it is the fact that people who worked hard and thought they had the world by the tail end up seeing their jobs outsourced when they are 55 years old and have nowhere to turn. Those are the realities of what leads people to bankruptcy court.

This bill says an awful lot about the Senate of the United States. It is the second most important bill of the Republican leadership. Did they bring us a bill to deal with the health care crisis? No. Did they bring us a bill to deal with all the jobs being outsourced in America, the Tax Code that creates rewards and incentives to send jobs overseas? No. Did they deal with a bill to fund our schools? Remember that Federal mandate called No Child Left Behind, that unfunded mandate President Bush and the Republicans in Congress refused to fund? Did they offer a bill to help struggling schools? No.

What did they come with? They came with the granddaddy of special interest bills, this 500-page gift to the credit industry in America. So we offered some amendments. We said: If there is going to be a real debate, let's have real choices.

The first amendment I offered said I am going to give you a category of bankrupt people I think should get a break from the terrible provisions in this bill. The category is the people we salute every night on the news, who many of us give speeches praising, who our thoughts and prayers are with every day—the men and women in uniform serving America. These are men and women who a year and a half ago had a nice little restaurant or a nice little business and went to their Guard meetings once a month and then were activated and, once activated, found out it wasn't for 30 days, it was for 18 months. While they were gone, their little business disintegrated, and now they face bankruptcy. Where was the moral failure of these soldiers? Where was the moral failure of the guardsmen and reservists who volunteered to go overseas and fight for my freedom and my home? I don't see any moral failure there.

When we brought the amendment to the floor and said, give these servicemen a break, by a vote of 58 to 38, with every Republican voting against it, that amendment was defeated by the same Congress that gives all of these stirring speeches about how much we love the men and women in uniform. Where were they when the men and women in uniform needed a vote on this bill? They were AWOL, that is where they were.

Senator KENNEDY said: What about the family in medical crisis? Should we not say to them at the end of the day, if you go through bankruptcy court, we will protect your home? We will give

you a home to go to, and not an expensive home, a \$150,000 home. You can buy a nice small home in Springfield, IL, for \$150,000. You get up to Chicago or Washington or Boston or New York or Los Angeles, where does \$150,000 take you? Not very far. But Senator KENNEDY said: If it is a medical crisis that brought them to bankruptcy, shouldn't at the end of the day they have a roof over their heads? Rejected—another virtual partisan roll-call. The credit card industry said: No exceptions.

Bill Nelson of Florida said: What if they steal your identity, run up all these bills, take you to court, and you are trying to discharge bills you didn't even enter into? Shouldn't you get a break then if they have stolen your identity? No, rejected. The credit card industry said: Go to court; fight it out in court with your lawyer. We are not going to give you that break.

I am going to offer an amendment, my last amendment, to the relief of many on the Republican side. I know they are tired of my amendments and tired of hearing me. I am about to lose my voice, so maybe it is time to end the debate. But the last amendment is their last chance. Here is what the last amendment says: If you are a disabled veteran and if the debts that brought you to bankruptcy were primarily incurred while you served in the active military, we are going to give you a break in bankruptcy court.

Who are the men and women I am talking about? Come to Bethesda, come to Walter Reed, and I will introduce you to them. These are guardsmen and reservists, active military, marines, soldiers from our Army, sailors who have now gone overseas and who have lost a leg or an arm or both hands or suffered a head injury. These are people who gave everything we could ask of them for this country. What profiles in courage they are. When I go out there, I am just amazed. They are fighting to get that prosthetic limb, fighting to get back on their feet. Most of them more than anything want to go back and fight with their units, but they are headed home. Some of them are headed home to a financial situation that is going to be another challenge to them. Some of them won't be able to get through it. They are going to file for bankruptcy. They are going to ask to maybe put those bitter memories of the war behind them and to put their debts behind them and give them a chance to start their lives again.

My last appeal to the Republican side of the aisle, which has steadfastly stood in ranks for the credit card industry and has been unwilling to stand for our men and women in uniform, is this: For the disabled veterans, those who incurred debts while they were at war, can you give them a break?

That is the last amendment I am going to offer. I am glad to have the

disabled veterans organization of America supporting this amendment. I was happy to have all the military groups and families supporting my earlier amendment. I hope those who are following this debate on both sides of the aisle will consider those families who are affected. They have considered the credit card industry. There is a great deal of sympathy for the credit industry in the Senate. Our heart goes out to these poor people, the credit card industry swamping us with cards making billions of dollars. What can we do to help?

How about a 500-page bill, they say? Any time soon? Sure. It will be the second item on the Senate agenda. We will make sure we get this big present out of the way so you can put it on your list of accomplishments in Congress this year. For the people who will end up in bankruptcy court, most of whom never wanted to be there, the nightmare just got worse. What you are going to face because of this bill is a lot more in terms of obstacles, paperwork, and costs.

Instead of dealing with the problems that force people into bankruptcy, we are going to punish the victims. That is the priority of this Congress. It doesn't speak very well for why we are here.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. VOINOVICH. Mr. President, I understand we are in morning business.

The PRESIDING OFFICER. The Senator is correct.

OUR NATION'S FISCAL SITUATION

Mr. VOINOVICH. Mr. President, I rise to tell my colleagues that our Nation's fiscal situation is bad and likely to get worse. On an apples-to-apples basis, today's projected 10-year deficit is \$500 billion deeper than CBO's September 2004 report.

When plausible assumptions about the path of current tax and spending policies are used, the official baseline deficit of \$855 billion balloons to a deficit of \$5.8 trillion. Even with a strong economy, annual deficits are likely to hover between \$400 and \$500 billion for the next 5 years. After that, the combination of tax cut extensions and growing entitlement costs threatens an upward spiral of deficits and debt that cannot be sustained.

But even this sobering assessment of Federal finances may be overly optimistic. Assuming continued, but declining, spending for the global war on terrorism increases the 10-year deficit by \$418 billion—we read yesterday where the Secretary of Defense and General Myers said there is no real prediction about how long we are going to have to spend money in Iraq—assuming that discretionary spending keeps pace with economic growth (rather than inflation) increases the 10-year deficit by

\$1.4 trillion; even assuming that expiring tax cuts are only extended for 5 years increases the deficit by \$306 billion; assuming continuation of recent adjustments in the alternative minimum tax (AMT) increases the deficit by \$642 billion, freezing appropriations, including defense, the war on terrorism and homeland security, would save \$1.3 trillion. However, if combined with the extension of tax cuts and continued AMT relief, the budget would still remain in deficit every year, totaling \$2.2 trillion over the next decade.

We must also remember that current Medicare payment increases for doctors and hospital expire at the end of 2005. The American Medical Association, AMA, reports that physicians would see a 31 percent decrease in payments from 2006–2013. If we do not act, senior citizens will face serious problems obtaining health care; but it will cost tens of billions to continue reimbursing doctors and hospitals at the current rate.

The fiscal policy decisions we make in the 109th Congress will largely determine whether the U.S. economy and the Federal Government will generate the financial resources to meet these challenges or whether we will force our children to choose between massive tax increases or draconian cuts in public services.

I am not exaggerating when I use the term “draconian cuts in public services.” President Bush submitted a budget that proposes to substantially reduce or eliminate more than 150 government programs. In its annual “Budget Options” report, the Congressional Budget Office identifies 285 government programs that may need to be reduced, eliminated or substantially modified in order to control future spending. Federal budget analysts are already warning that current trends in Federal spending for health care, education, income security and even national defense simply cannot be sustained for much longer.

I will never forget meeting with Dan Crippen before he left CBO, and him telling me that by 2030, almost all of the GDP we are now spending at this time will be used to pay for Medicare, Medicaid, and Social Security, leaving no money for anything else but that.

I recognize that some of my colleagues consider any government program wasteful spending and would willingly enact all the proposals suggested by both President Bush and the CBO.

Nevertheless, back on planet Earth, mayors, county commissioners, governors and yes, even Senators, are expected to provide at least basic public services, as well as maintain a social safety net, enhance economic development, promote civic improvements and even support cultural enrichment.

Realistically, we are not going to eliminate economic development programs such as Community Develop-

ment Block Grants as President Bush has proposed. Nor are we going to seriously consider CBO’s suggestion to narrow the eligibility for VA disability compensation to only pay for disabilities related to military service. Everyone in this body knows that very few of these proposals are new. Some of them were first suggested by President Reagan 25 years ago. Congress has had ample opportunity to consider all of them and has never shown a willingness to enact any of them.

The bitter truth is that regardless of which party is in control, Congress has never shown an appetite for fiscal restraint. We are always much more likely to spend like drunken sailors than to save our constituents’ money the way we would save our own.

I believe the reason we have never been able to control our appetite for spending is that most Members of Congress and the public simply do not understand the long term implications of short term spending decisions. Our constituents consistently ask for increased spending on existing programs as well as money for new programs. Congress almost always says yes to these requests because the true cost of these is so well hidden, they seem like minor investments for major public benefits. Unfortunately, the truth is that long after any public benefit has faded, our children and grandchildren will still be paying the bills for our generosity.

It is time to recognize that we are in a fiscal hole and to stop digging. The sooner we get started, the better. Prompt action will reduce the need for drastic steps and give individuals more time to adjust to any changes. It will also allow the miracle of compounding to start working for us rather than against us. Perhaps most important, prompt action will help us to avoid a dangerous upward spiral of debt and inflation that would ultimately harm every American.

We can begin by insisting on truth and transparency in government financial reporting. More than 200 years ago, Thomas Jefferson wrote to his Secretary of the Treasury, “We might hope to see the finances of the Union as clear and intelligible as a merchant’s books so that every member of Congress, and every man of any mind in the Union, should be able to comprehend them, to investigate abuses, and consequently to control them.” Today, consistent and accurate financial information can seem as elusive as it was in Jefferson’s time. But these fiscal risks can be managed only if they are properly accounted for and publicly disclosed.

That is why I have introduced the “Truth in Budgeting Act.” This bill has three simple goals.

First, it will help guarantee that Congress, the President and the American people have the information necessary to make intelligent decisions re-

garding our long term financial commitments.

Second, it will force Congress to focus more attention on the long term obligations instead of short term cash flows.

Finally, it will provide Congress the time to make fiscal policy with due deliberation rather than unseemly haste.

In order to guarantee that Congress, the President and the American people fully understand our long term liabilities, this legislation will require the Federal Government to gradually shift to accrual accounting for insurance programs; require CBO and the Joint Committee on Taxation to compute and report the change in Federal interest expense associated with any legislative action, and require the President to submit an annual report to Congress on the fiscal exposure the Federal Government faces including debt, financial liabilities, financial commitments, financial contingencies and other exposures. GAO would then be required to report to Congress on the extent and quality of the liability exposures presented by the administration.

I sincerely believe this knowledge will fundamentally change attitudes about Government spending. When my constituents come to me asking for this or that new spending program, I always tell them how much we will have to borrow to pay for the program they want and as “Is this really worth imposing that kind of debt on our grandchildren?” In almost every instance, their answer is “NO.” The American people do not want to saddle their children and grandchildren with unsustainable bills; but they do not always clearly recognize the long term costs of some very attractive programs. When we fully explain these costs, our constituents will usually choose fiscal prudence.

My legislation will force Congress to focus more attention on long term obligations rather than short term cash flows by extending discretionary spending caps and the PAYGO rules for five years; creating a new Budget Act point of order requiring supermajority roll call votes to put Congress on record when it circumvents discretionary spending caps or PAYGO rules; putting more teeth in the annual budget resolution by directing the Budget Committee to set 302(b) levels and make efforts to exceed 302(b) levels subject to a 60-vote point of order—that will be a difficult one to get through with our appropriators, I am sure—and requiring CBO and the Joint Committee on Taxation to assess whether the budgetary consequences of legislation beyond the existing 10-year budget window are significantly greater than the cost inside the window. In other words, we pass things, and then we do not talk about what exposure we are going to have 10 years down the road. In the event that CBO or the Joint Committee on Taxation concludes the costs in real terms

of legislation in the second decade after enactment would be more than 50 percent greater than in the first decade, it would be required to note this fact in cost estimates, and a point of order would lie against legislation causing these changes in outlays or revenues. This would mean Senators would have to acknowledge with a recorded vote the fact that they have been informed about outyear effects of their spending decisions.

I recognize these provisions are no substitute for genuine commitment to fiscal discipline. Discretionary spending caps and pay-go rules were in place between 1997 and 2002, but Congress still managed to spend money, as I referred to earlier, like drunken sailors. Nevertheless, it is important to require rollcall votes when we attempt to bust the budget and, under the right circumstances, they can be very effective.

Over the past 2 years, there have been 79 attempts to waive the Congressional Budget Act and increase spending. All but two of them were defeated. If these attempts at fiscal irresponsibility had been successful, Federal spending over the next 10 years could have increased by more than \$1.5 trillion.

Also, my bill will give Congress the time it needs to properly deliberate financial decisions by moving the Federal Government to a biennial budget process. There are 21 States, including my own, that use biennial budgeting. In Ohio, we supplemented the biennial budget with a second annual budget review. The biennial process provides time for deliberation and, more importantly, effective oversight.

CBO reports that last year, Congress appropriated over \$170 billion for 167 programs that had expired authorizations. Do you hear me: 167 programs, \$170 billion, and the authorizations had expired. This is not the fault of the appropriators. No one expects them not to fund veterans health care or other critical programs due to expired authorization. It is the fault of a process that simply does not leave us enough time to adequately review and reauthorize important Government programs. We need to give ourselves time to do the job right, and biennial budgeting will help get us there.

According to the best information I have, our agencies today in the Federal Government spend about 60 percent of their time every year on the budget and appropriations. There is no time for congressional oversight because of the fact that we have these annual budget marathons we go through. I am hoping—working with Senator DOMENICI and other Members of this body—that we can bring the 2-year budget issue to the floor of the Senate and once and for all put it into law.

The Truth in Budgeting Act I have introduced will provide Congress and the American people important finan-

cial management tools. Like any other set of tools, they are only as useful as the skill and dedication of the craftsman using them. However, just as a carpenter or auto mechanic is more productive when working with quality equipment, Congress can be more effective if we provide ourselves with better quality information.

Finally, before I close, I want to share my concerns regarding Federal revenues. Many of my colleagues would like to extend until 2010 all or some of the tax cuts enacted in 2001 and 2003. Moreover, they propose to extend these tax cuts without offsetting the revenues lost to the Federal Government. The various proposals could increase the 5-year deficit by at least \$90 billion and possibly as much as \$306 billion. This is unacceptable.

Personally, I do not see a need to extend these tax cuts at this time. Now is the time for patience, not haste.

Most of the current tax provisions do not expire until 2010, and even the reduced rates on dividends and capital gains do not expire until 2008. I have consulted with experts such as Alan Greenspan and Pete Peterson who agree the stimulative effect of these cuts helped the economic recovery but also agreed we should pay for extending them with offsets. It is time to pay for them with offsets.

We do not know yet the impact of Federal revenues if we do Social Security reform. We still do not know the full cost of the prescription drug benefits we approved in the 108th Congress. Nevertheless, all of us must concede that most experts agree that if we keep going the way we are, spending for Medicare, Medicaid, and Social Security will greatly exceed 18 percent of GDP, as I mentioned, by the year 2030.

We still do not know the full cost of the ongoing war on terror at home and particularly overseas. I predict we will be committed not just to Iraq and Afghanistan but to Kosovo and Bosnia for a long time, which will increase our national security costs dramatically.

I have spent time with our reservists who have returned home, and many of them say their equipment is in bad shape because of the war. There are so many uncertainties in dealing with our national security that we ought to be careful about reducing our revenues.

We will not know the strength of the duration of the current economic recovery for at least another year, but I will say this: We recently learned that last year we had GDP growth of 4.4 percent. That is the best we have had since 1999. There is no question that we are back on track. And the real issue is, do we need to continue to stimulate the economy with the tax reductions we passed in 2001 and 2003, particularly 2003 when we felt we needed to give the economy a front-end loaded stimulus that would make sure we would see an upturn.

We will not know until 2008 or 2009 how Federal revenues will be impacted by baby boomers becoming eligible for early retirement. Most experts expect slower economic growth and slower growth in Federal revenues. It is a real question, with the retirement of our baby boomers: Will we have the workforce we need to keep economic growth moving forward?

Finally, and perhaps more important, the President's Commission on fundamental tax reform will not complete its work until July. Once they send their report to Treasury Secretary Snow, he may very well recommend sweeping tax reform proposals for us to consider in 2006. It makes little sense to me to rush into making current tax policy permanent only to redo all our work in less than 18 months.

Under these circumstances, it seems more prudent to wait until next year before extending tax cuts enacted in the 2001 or 2003 tax reform bills. However, if my colleagues absolutely insist on extending these tax cuts, then we should at least offset their costs by reducing spending or increasing revenues elsewhere in the budget. In other words, the budget resolution is going to be calling for something like \$70 billion or \$80 billion of tax cuts that will be handled in reconciliation, which basically says they can be passed by the Senate with 51 votes.

My suggestion is, just eliminate them from the budget resolution. If extending the lower tax on dividends or extending the lower tax on capital gains is something in the best interest of the American people, then let's require 60 votes to get that done, just as we did last year when we did not have the continuation of three tax cuts for marriage penalty, lower marginal rates, and for the child tax credit. We did not have a budget. We did not have reconciliation language, but we extended those three because it was the feeling of this body and the House that they were needed to continue to respond to the needs of the American people.

My basic yardstick for Government spending, including tax cuts, has always been is it necessary and is it affordable? I believe the tax cuts in 2001, 2003, and 2004 were both. Nevertheless, we face a different situation today, and I will no longer support tax cuts until they are fully offset. The Nation's gross domestic product grew by over 4 percent in 2003 and 2004. Unemployment has dropped from 6.6 percent to 5.2 percent, and new jobs have been created every month for the last 21 months. Even Alan Greenspan at the Federal Reserve has noticed the turnaround and started to raise interest rates. The tax cut medicine worked, and it is time to stop before we overdose on too much of a good thing. I know some people want to make our recent tax cuts permanent, but I cannot support doing so at this time.

Any additional tinkering with the Tax Code should only be done as part of a comprehensive reform package designed to return Federal revenues to their 60-year average of 18 percent of the economy.

In closing, I tell my colleagues and constituents that I valued my status last year, while I was running for reelection, as a deficit hawk. I have always placed fiscal responsibility at the top of my agenda and never supported spending or tax cuts unless I thought they were necessary and affordable.

The legislation I have introduced will help us more effectively determine what fiscal policies really are necessary and affordable. I encourage Senators to support this legislation. I also encourage them to show patience regarding making the tax cuts permanent. With all the uncertainties facing us, it does not make sense to deal with the issue now.

I will finish with these words: One of the requirements I have used during my political career to decide whether we should do something is the issue of fairness. How in the world can we ask the American people to flat fund domestic discretionary spending, deal with the problem of Medicaid and many of these other issues, and at the same time say to them, and by the way, we are going to extend these tax cuts we have had? It does not make sense. It is not fair. It is not right. It is not acceptable.

I am hoping that my colleagues understand that to put ourselves in the position where we are going to have probably one of the most stingy budgets we have had since I have been in the Senate, at the same time we cannot continue these tax cuts and extend them or, for that matter, make them permanent.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

ORDER OF PROCEDURE

Mr. VOINOVICH. Mr. President, I ask unanimous consent that at 2 p.m. today the Senate proceed to votes in relation to the next two amendments; provided further that all votes after the first be limited to 10 minutes each. The amendments are Leahy amendment No. 83 and Durbin amendment No. 112.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2005—Continued

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

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

Mr. LEAHY. Mr. President, I understand there will be a vote on the Leahy-Sarbanes amendment at 2 o'clock; is that correct?

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 83

Mr. LEAHY. Mr. President, this amendment Senator SARBANES and I have pending is going to moderately preserve the current conflict-of-interest standards for investment banks. They might safeguard the integrity of the bankruptcy process. Senators understand that well before I was born we have had in bankruptcy law provisions to cover conflicts of interest of investment bankers. For some reason this was taken out in the pending legislation. The pending legislation would eliminate the now 67-year-old conflict-of-interest standards that prohibit investment banks which served as underwriters of a company's securities from playing a major advisory role in the company's bankruptcy process.

In other words, it means if you had an investment bank that advised or underwrote securities for WorldCom or Enron at a time when, as we now know, they were cooking the books—they were the ones who advised them how to do this before bankruptcy—then they could be hired to represent the interests of the defrauded creditors during the bankruptcy proceeding.

It is kind of the fox guarding the chicken coop. You advise one of these companies how to cook the books, make a lot of money—it is going to defraud a lot of people—but if the bubble breaks and you go into bankruptcy and the people who have been defrauded try to get a little bit of money back—try to get back some of the money they are owed, even though it is going to be cents on the dollar, people who had their pensions built into this, had their retirement built into this—you could have the very same investment banker saying, "We will represent you. We are the guys who got you in the problem in the first place, where you lost all your pension and the money you are owed, but we will help you get it back."

It is ironic that firms that had a part in the company's deception could stay on the payroll in bankruptcy and profit handsomely from their own fraud.

For 67 years we said, wisely: Enough. You can't do that. Nobody seemed to

have a problem with it, but for some reason, that prohibition was dropped here. I have to ask what kind of message are we sending to investors and pensioners who are suffering from corporate misdeeds and ensuing bankruptcies if we allow this to happen. They deserve better.

What we have suggested, what a lot of people seem to support, is: All right, we won't put the total blanket prohibition in, but we will at least say that if you were involved within 5 years of this bankruptcy you cannot come back and handle the rights of the creditors. In other words, if you are the one who lost all the money of the creditors, you lost all the money of the pensioners, you lost all the money of the investors, you are not the one who is going to come back in and say now you can pay us to get back what little bit is left.

The National Bankruptcy Review Commission, agreeing with us, strongly recommended that Congress keep the current conflict-of-interest standards in place. They said:

Strict disinterestedness standards are necessary because of the unique pressures inherent in the bankruptcy process.

Of course there are. Of course there are pressures. The larger the bankruptcy, the greater the pressures. Which assets do you sell? Which assets do you keep? Which assets should go to the creditors? What we want to do is monitor section 414. I would like to go back to the blanket prohibition, but we said at least make it 5 years. In fact, Fifth Circuit Court of Appeals Judge Edith Jones, well respected, very conservative member of the Fifth Circuit and member of the Bankruptcy Commission, urged Congress to remove section 414. She said:

If professionals who have previously been associated with the debtor continue to work for the debtor during a bankruptcy case, they will often be subject to conflicting loyalties that undermine their foremost fiduciary duty to the creditors. Strict disinterestedness, required by current law, eliminates such conflicts or potential conflicts. . . . Section 414, in removing investment bankers from a rigorous standard of disinterestedness, is out of character with the rest of this important legislation and should be eliminated.

Then the chairman of the Securities and Exchange Commission wrote to us. He said, speaking for the Commission:

We believe that it would be a mistake to eliminate the exclusion in a similar one-size-fits-all manner at a time when investor confidence is fragile.

Think of what he said. A lot of investors, since Enron and WorldCom, have lost confidence. If we perpetuate the things that perpetuate that lack of confidence, loss of confidence, then shame on us. We can easily go in with a very commonsense exclusion of conflicts of interest.

How can any one of us go back and say to our constituents: We were in favor of keeping the people who advised and got the enormous bankruptcy