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Senate

The Senate met at 11 a.m. and was called to order by the Honorable MICHAEL F. BENNET, a Senator from the State of Colorado.

PRAYER

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

Let us pray.

O Lord, our Saviour, Your word reminds us that to whom much is given, much will be required. Look with favor upon our lawmakers today. May they endeavor this and every day to be what You command. Give them ears to hear the inner voice of Your holy spirit, who searches the depths of their hearts, in order to lead them to Your truth. Imbue them with wisdom to face every challenge with grateful dependence upon You. Lord, let Your creative power touch them so that they will find solutions to the problems that beset our land. Free them from anxiety and fear, as they discover the independence which comes from trusting Your sovereignty.

We pray in the Redeemer's Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MICHAEL F. BENNET 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. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 11, 2009.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MICHAEL F. BENNET, a Senator from the State of Colorado, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

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

RECOGNITION OF THE MAJORITY LEADER

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

SCHEDULE

Mr. REID. Mr. President, following leader remarks, the Senate will proceed to a period of morning business until 11:30 a.m., with Senators permitted to speak for up to 10 minutes each. The Republicans will control all the morning business time; that is, until 11:30. Following morning business, the Senate will proceed to executive session to consider the nomination of David Ogden, to be Deputy Attorney General. The time until 4:30 p.m. will be equally divided and controlled between the two leaders or their designees. Under an agreement reached last night, the vote on the confirmation of the Ogden nomination will occur at a time to be agreed upon tomorrow.

We are also working on a number of other nominations. We are going to spend this week on nominations—at least the next day or so. We are working on Thomas Perrelli to be Associate Attorney General and a number of others. We hope the Republicans will work with us on getting some of these nominations cleared. We are glad we got a couple of the Council of Economic Advisers done last night. I appreciate that good work. We will see what happens as the day proceeds.

This is a day with no votes. Certainly, I think we deserve that, based on what we have been through in the last several weeks. We are going to have our annual meeting with the Supreme Court Justices tonight. I remind all Senators of that. It is one of the rare times when the two branches of Government meet in a social setting where we will have the Supreme Court Justices and the Senators there in the Supreme Court. It has been very helpful in years past, and I am confident it will be a very nice event tonight.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of morning business until 11:30 a.m., with Senators permitted to speak for up to 10 minutes each, with the time controlled by the Republicans.

The Senator from New Hampshire.

Mr. GREGG. Mr. President, I ask unanimous consent to speak for 15 minutes.

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

PRESIDENT'S BUDGET

Mr. GREGG. Mr. President, I wish to address, again, the issue of the budget as proposed by the President of the United States, which is about to be

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

taken up by the Budget Committees of the Senate and the House, and its implications for us as a nation because the implications of it are rather dramatic.

Now, I understand—and all of us on our side of the aisle understand—the last election was won by the President and his party, that the Democratic Party now controls both the House and the Senate and the administration and, therefore, they have absolute responsibility and the right to send us a budget which reflects their priorities. But I think we ought to have openness as to what the implications of that budget are relative to the future of our Nation, and they are dramatic.

As you look at the budget that has been proposed by this administration, it represents the largest expansion of Government in our history. It is a proposal which is essentially moving the Government into arenas with an aggressiveness that has never been seen before. It has in it the largest tax increase in history, as well as the fastest increase in the debt of our Nation in history.

The taxes go up by $1.4 trillion under this budget. Discretionary spending, which is spending that is not entitlement spending, goes up by $725 billion. Entitlement spending—which are things such as health care—goes up by $1.2 trillion. Yet there is no effort to save money in this budget to reduce the cost of spending and the cost of the Government. Instead, there is an expansion of the Government in this rather aggressive way.

The practical effect of this is that within 5 years the debt of the United States held by the public will double. That means in the first 5 years of this administration—presuming it is reelected—they will have increased the debt more than the debt was increased since the founding of the Republic all the way through the Presidency of George W. Bush; they will have doubled the debt of the country.

In 10 years, because of this massive expansion in the size of the Government, they will triple the debt of the country.

What does ‘‘debt’’ mean? What does tripling the debt from $5.8 trillion to $15 trillion in 10 years mean? Well, basically, it means Americans coming into the workforce, Americans of the next generation, and the generation that follows that generation, will bear a burden from our generation—that the costs of today are being offloaded onto our children. The result of that is very simple. Our children and our grandchildren will have a country which will not give them as much opportunity as our country has given us because the burden from our generation will be weighing them down. The costs we have run up as a generation and passed on to them will set them behind the starting line. They will end up having less opportunity to buy a house, send their kids to college, live a quality of life we have lived because they will start out with a debt and a burden of a government which exceeds, in many instances, their ability to pay.

We are, under this proposal, heading the Nation into an untenable situation. In the area of deficits, which translates into debt—a deficit is what happens at the end of the year when your bills come in. If you have more bills than you have income, you end up with a deficit. That, then, becomes debt.

In the area of deficits, this budget takes us up dramatically in the next 2 years to an all-time high—a number that is hardly even contemplatable—a $1.7 trillion deficit this coming year. That is 28 percent of gross national product being spent by the Federal Government.

Now, I am willing to accept this number and not debate it because we are in a recession. It is necessary for the Government to step in and be aggressive, and the Government is the last source of liquidity. So one can argue that this number, although horribly large, is something we will simply have to live with. What one can't accept is what happens in the outyears—rather than bringing this deficit down to a reasonable number, a number which would be sustainable for our children to bear—because the President is proposing to expand the Government dramatically, its size and its cost. He is proposing deficits as far as the eye can see of 3 to 4 percent of gross domestic product.

What does that mean, 3 to 4 percent of gross domestic product? Well, historically, the deficit of the United States over the last 20 years has been 1.9 percent of gross domestic product. It means every year we are adding so much more debt than we can afford to our Nation that our children, again, will have less opportunity to succeed.

To put it in numbers terms, historically, the debt of the Federal Government has been about 40 percent of gross domestic product. In these outyears—ignoring this situation which is driven by the very severe recession—in these outyears, the public debt compared to the gross domestic product will stay at about 67 percent of gross domestic product, not 40 percent, which is sustainable but 67 percent. Those are numbers which, if we were in another part of the world, would be described as a Banana Republic because they are not sustainable and they drive us up to a cost which is not affordable. Those are the numbers which are driving the tripling of the national debt in 10 years.

One may say, well, where does that all come from, all this expansion of debt that is going to be put on our children's backs? It comes, quite simply, from spending. This administration has proposed the largest increase in the size of the Federal Government in our history, a massive shift to the left of the Government.

This is a chart which shows the historical spending of the Federal Government as a percent of GDP. Historically, this line right here reflects the mean, which has been somewhere around 20 percent of gross national product. That is a big chunk of the gross national product to be spending on the Federal Government, but that is what we have been doing. With the recession, obviously, it spikes up to 28 percent, but the point is that this administration doesn't plan to bring it down to historical levels; rather, they intend to keep spending at around 22 to 23 percent of gross national product. That is not affordable. It is not sustainable.

Why is it not sustainable? Because they don't increase taxes to that level. If they did, they would basically be creating a confiscatory situation for young people who are going into the workforce; rather, they simply run up debt to try to cover that difference at a catastrophically fast rate. We have to bring this spending line down if we are going to have a responsible budget.

Now, why does this go up so much? Why does this spending level go up so much? Well, it goes up so much because essentially they are planning to nationalize large segments of the economy; to have the Government take over the responsibility for large segments of the economy. The most specific area they do this in is in educational loans, where today we have what is known as the public-private balance, where some people get their loans directly from the Federal Government and some people get their loans from the private sector. They are going to end that policy, and they are going to have the Federal Government take over all lending. That is the most specific. However, if you look at their health care policy, they are moving in that direction there too. They have suggested in this budget that we should increase health care spending as a downpayment for $634 billion. That is a downpayment. The actual number of the increase is closer to $1.2 trillion in new health care spending.

What does that really mean? Well, essentially we as a government and we as a nation spend 17 percent of our gross national product on health care. That is much more than any other industrialized nation in the world spends. The next closest nation spends about 12 or 11 percent. So it isn't that we are not spending enough on health care in this country; it is that we don't use it very well—the money. We don't allocate it very well, and we don't use it efficiently.

What the administration suggests is that we should expand that spending in the area of health care by another $1.2 trillion, as they move the Federal Government into the role of basically deciding how health care should be managed in this country, in a much more direct way. That is one of the reasons this spending line stays up so high.

At the same time, they are suggesting massive new tax increases—massive new tax increases—the largest tax increases in history. Now, this has been covered with the argument that, oh, this is just going to tax the wealthy; the rich among us are going to be the ones who pay these taxes. Well, that is a canard. That is a straw dog. When you start increasing taxes at the rate they are proposed to be increased in this budget—$1.4 trillion of new taxes—you are going to hit everybody. You are going to hit everybody pretty hard.

There is in this budget proposal something that is euphemistically called a carbon tax. That is a term of art to cover up what it really is. It is a national sales tax on your electrical bill. It is estimated by MIT, a fairly objective institution, that this national sales tax on your electrical bill will raise around $300 billion a year. That is $300 billion a year that will be added to your electrical bill. The administration says it is $64 billion, but the same program they are talking about when looked at by an objective group at MIT, they concluded the real cost would be $300 billion. Whether it is $64 billion or $300 billion, it is a huge tax that is going to affect every American when they get their electrical bill.

In addition, they have this tax which they call the wealthy tax. People making over $250,000, they are essentially going to nationalize their income and say: If you make more than $250,000 we are going to raise your tax rate up to an effective rate of 42 percent. Well, I guess if you don't make that type of money, it probably doesn't bother you, but think about the people who are making $250,000. For the most part, they are small business people. They run a restaurant. They run a small software company. They run a small manufacturing firm. They are the people who create jobs in this country. Most small businesses are sole proprietorships or subchapter S corporations. The money they make is taxed to the individual who runs the small company. Whether it is a restaurant or a software company or a small manufacturer, it is taxed to them personally.

What do they do with that money? They take it and they invest it in their small business. Where are jobs created in this Nation? They are created by small business. This is a tax on small business. Then, of course, they raise the capital gains rates. They raise the dividend rates. Aren't we in a recession? Why would you raise taxes on the productive side of the economy when you are in a recession? Is that constructive to getting out of the recession? No. In fact, the stock markets are saying exactly that. They are looking at this budget and saying: Wow, this is the largest increase in the Government ever proposed, and it is going to be borne by the people who are the entrepreneurs and the small business people.

So do we really want to invest in America? Do we really want to put our money into the effort to try to make this country grow? Second thoughts. That is what is happening in the stock market. It is not constructive to economic growth.

Tax policy has to be constructed in a way that creates an incentive for people to go out and take risks. It creates an incentive for people to be willing to take their money and invest in something that is going to create jobs. When it is said to someone we are going to take 40 cents of the next dollar they make and throw State and local taxes on top of that—for example, in New York, it would amount to almost 60 percent of the next dollar they make—people start to think: Well, why should I invest in something that is a taxable event? Let me invest in something that is not a taxable event.

So instead of getting an efficient use of capital, people are running around investing their money to try to avoid taxes. As a result, we don't create more jobs; we just create more tax attorneys. Well, maybe that is jobs. I used to be a tax attorney, so I shouldn't pick on tax attorneys, but as a practical matter, it is not an efficient way to use capital.

We saw over the last 7 years prior to this recession—and granted, this recession has created an aberration for everything that is economic—we had a tax policy which saw the largest increase in revenues for 4 straight years that this country has ever experienced. We saw a tax policy which basically stood on its head the idea that if we maintain a low tax burden in capital gains, we would collect less taxes. In fact, it did just the opposite. We collected much more taxes from capital gains. In fact, over the last 7 years, because of the tax policy that was in place, the Tax Code became more progressive. The top 20 percent of income producers in this country ended up paying 85.7 percent of the income taxes in the country. That was compared with the Clinton years when the top 20 percent of income producers in this country paid 82 percent of the taxes.

At the same time, the bottom 40 percent of people receiving income in this country ended up getting twice as much back because they don't pay income taxes and they get a rebate in many instances through the EITC. They ended up getting twice as much back than during the Clinton years. So you actually had in the last 7 years a tax policy that encouraged growth, encouraged entrepreneurship, encouraged job creation, which was generating more revenues to the Federal Treasury, and yet being more progressive than during the period of the Clinton years.

What the administration has suggested is, we should not only go back to the Clinton years, we should do even more by taking an effective rate that will even go above the rate of the Clinton years to 42 percent, 41 percent. It makes no sense, especially in a time of recession, to basically have that sort of attack on small business and job producers in our Nation.

So this budget is a statement of policy which is pretty definitive, and I don't believe it is very constructive. It is a statement of policy which says we are going to radically expand the spending in this country. We are going to radically expand the size of Government in this country. We are going to end up after 5 years with Government we can't afford, that is spending more than at any time in our history, and that is running up deficits which are going to compound the problems for our children. It is not constructive, in my opinion. I think we can do a lot better, and we can do it this year rather than wait.

Mr. President, I yield the floor.

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

THE ECONOMY

Mr. ISAKSON. Mr. President, first of all, I wish to commend the distinguished Senator from New Hampshire. As a Member of the Senate, there are many people I look to for wisdom and knowledge, and JUDD GREGG is one of them. In my hometown of Atlanta, GA, there is another person I look to for wisdom and knowledge, and that is my barber, Tommy.

I got a haircut, as you can probably tell, on Saturday. I was at Tommy's Barbershop on West Paces Ferry Road and Northside Drive in Atlanta. While in that barbershop, I talked to a real estate broker, a stock broker, a pension fund manager, and a good old, average, everyday American retiree trying to figure out how he is going to make it on what the markets have done to him in the last year or so.

It is ironic—and I had no plan to make this speech behind JUDD GREGG—but they talked to me about only two things. The first one was debt because last Saturday was just a week after the announcement of a $3.6 trillion budget, a 20-percent increase; an increase in taxes and concern because at a time of economic peril America is bearing more and more and more.

The other thing is what I rise to talk about today. We have looked into the mirror to look for the enemy, but we have avoided looking at ourselves. For a second I wish to talk through regulatory policy. I am talking about both administrations: the end of the Bush administration and the beginning of the Obama administration. I think we have been missing the mark. I wish to share some real-life stories about real-life Georgians that indicate where mark-to-market accounting is going in the United States of America, the businesses of the United States of America, and the people of the United States of America.

Some of my colleagues have watched television and watched the AFLAC duck commercials. I think they are the best commercials on television. I also think AFLAC is one of the finest companies in the United States of America. When we consider AFLAC and Dan Amos, the CEO of AFLAC, he put in stockholder consent and stockholder advice on his compensation and repealed his own golden parachute. All of