putting what is good for this very small base ahead of what is very good for this great Nation.

The legislation before us asks only this: that each American be part of the solution rather than part of the problem. In poll after poll, Americans have endorsed this principle. They have said they believe we must address our deficit both by reducing spending and by ending tax breaks to the wealthiest citizens and corporations. We have heard them. Democrats have heard them. If Warren Buffett chooses to buy a private jet or a whole fleet of them, that is OK, but the American taxpayer should not give him a special tax break for buying his own jet airplane.

Our country is facing a crisis. We face mounting debt brought on by a decade of war and tax breaks for the wealthy. We face the prospect that Republicans will force us to default on our financial obligations for the first time in our Nation's history. Difficult choices must be made. Together, we should consider cutting programs to help real people in very real ways. Eliminating tax breaks for oil companies making record profits, corporations that ship jobs overseas, and the owners of private jets and yachts should be an easy part of this problem to solve. Yet Republicans walked away from the negotiating table when a solution was in sight because they said no to fairness. Democrats had already agreed to trillions in difficult cuts in order to prevent a default crisis and avert a worldwide depression. Then Republicans walked away from the table to help the 1 percent of Americans fortunate enough to not need any extra help.

How do Republicans explain that to their constituents back home? Very carefully. Why? Because as middle-class families struggle to make ends meet, my Republican colleagues are risking the financial future of this country and the world for the sake of people who can afford private jets and yachts. I cannot imagine that conversation. Asking millionaires and billionaires to contribute to solving this Nation's deficit crisis is not unreasonable. It is just plain common sense and simple fairness.

We are going to have a vote in just 20 minutes or so, and probably what my Republican colleagues will do is to vote to allow us to proceed. That would be great if there was some sense that they agreed with what we are trying to do; that is, that they want the millionaires and billionaires to contribute their fair share. But as we know, the rules will only allow us to move to the next step and actually be on the bill. So when we get on the bill, I would tell everyone here, if we can work on an agreement to have some fixed amendments and work on it, I would be happy to do that. It is how we used to do things around here.

But if this means a free-for-all and offering amendments on abortion and war fighting and all this kind of stuff, we can't do that. We need to devote these next few weeks to debate dealing with the deficit problems we have in this country, and they are significant.

RECOGNITION OF THE MINORITY LEADER

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

BUDGET DEBATE

Mr. MCCONNELL. Mr. President, later this morning, we will have a vote whether to proceed to a nonbinding resolution on whether to raise taxes at a time when 14 million Americans are out of work. I oppose the resolution, but I will vote to move to it so we can finally have a real debate about the economic crisis we face. That is what we were supposed to be doing this week, and that is what we will do. This is an important debate to have as discussions continue over at the White House this morning in connection with the President's request to raise the debt ceiling.

Americans want to know where their elected representatives stand on these issues. Today we will have an opportunity to show them where we stand on entitlement reform, where we stand on government spending, where we stand on balancing the budget, where we stand on our unsustainable deficits and debt.

For too long, Democrats have tried to evade these questions. It has been 799 days since Democrats passed a budget. They have presented no plan to reduce our debt. So today is an opportunity to offer real ideas for addressing our debt and job crisis, to make our positions clear, and, for our part, Republicans intend to offer more than a vague, nonbinding resolution.

I yield the floor.

RESERVATION OF LEADER TIME

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

SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of the motion to proceed to the consideration of S. 1323, which the clerk will report.

The assistant legislative clerk read as follows:

Motion to proceed to the bill (S. 1323) to express the sense of the Senate on shared sacrifice in resolving the budget deficit.

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 10 a.m. will be equally divided and controlled between the two leaders or their designees, with Senators permitted to speak for up to 10 minutes each.

The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, pending is S. 1323, which is the sense-of-the-Senate resolution. For those who follow the Senate, this is not a law. It will not be a law, if passed. It is merely an expression of sentiment by the Senate on an issue. It can be summarized very quickly with the sense-of-the-Senate clause, which reads:

It is the sense of the Senate that any agreement to reduce the budget deficit should require that those earning $1,000,000 or more per year make a more meaningful contribution to the deficit reduction effort.

Why are we even talking about this? Wouldn't everyone in America concede that everyone needs to make a sacrifice if we are going to make this country stronger? Those who can make a greater sacrifice, those who are well-off, with an income of $1 million or more each year, should do a little more. Why is that such a bold and controversial suggestion? Because, in fact, when we look at the actions taken by Congress over the last 10 years, we have found a political sentiment, primarily from the other side of the aisle—not exclusively, primarily—which says we cannot ask sacrifice of the wealthiest people in America.

I can tell those who are students of American history know when we have had a challenge in this Nation, particularly during wars when our very existence was being challenged, people stepped up from every income level in America and said: I am willing to fight for this country. I am willing to die for this country. I am willing to sacrifice for this country. So why would this be a matter to be debated on the floor of the Senate? Because, in fact, the policies of this country over the last 10 years have said that the wealthiest among us should be spared, time and again, from sacrifice when it comes to the future of our Nation.

That is just plain wrong. Those who are fortunate enough to be well-off, to have a strong income, to enjoy the blessings of liberty, to live in what I feel is the greatest Nation on Earth should be prepared to give back something.

I have spoken to some in our walk of life here in the Senate. We spend time with those who are well-off who finance our campaigns. That is a reality I am not happy with, but a reality. So many of them have said, for goodness sake, Senator, why do you even hesitate to ask me for more taxes? I am prepared to pay those taxes because I feel blessed to live in this country.

So the idea of raising taxes on the wealthiest among us won't change their lifestyle a bit but will help to solve some of our problems. If we don't change the tax cuts that were put in under President George W. Bush, people making $1 million-plus a year will get a $200,000 tax break—a $200,000 tax break—every year. In order to pay for

that tax break, some other Americans have to sacrifice. For example, it means about 33 seniors will have to pay $600 more a year for Medicare under one proposal in the House Republican budget so that we will generate enough money to give a tax break to a person who is a millionaire. Thirty-three seniors will pay $600 more a year so a millionaire can get a tax break. That is wrong. It is just plain wrong.

I believe we need to ask for shared sacrifice, and that is what this resolution says. Senator MCCONNELL, who was here a few moments ago, said this week:

> It's about making Washington make tough choices. It's about Washington taking the hit this time.

Well, the people who are taking the hit in America are not in Washington, they are all across this country. It is low and middle-income Americans who are taking a hit in the current economy. There are still almost 14 million Americans out of work and those who are working have seen the bulk of income growth go to the highest income categories. We have the greatest income disparity in the history of the United States since the Great Depression. Over the past 10 years, the median family income has declined by more than $2,500. What that means, whether it is New Mexico or Illinois, is that people who are working hard, going to work every single day, making sacrifices, fall further and further behind and live paycheck to paycheck. That is the reality of life for hard-working, middle-income Americans.

So those of us who come to the floor and say spare them—if you are going to spare anyone from further taxation, give them a helping hand—understand the reality of it so they can keep their heads above water, barely. So many Americans live paycheck to paycheck. It is the only way they survive, and that is the reality.

My colleague from Kentucky is right. In Washington we need to make the tough choices and we need to face them with a sense of consensus and compromise. An all-or-nothing approach to the budget isn't going to work. In about an hour and 15 minutes, I am going to be honored to represent, with Senator REID, our majority leader, the Senate Democrats in a meeting with President Obama. We will sit down in the Cabinet Room, as I have before, and we will talk about what we are going to do with this deficit crisis. I will say to the President and those assembled that we have plenty to work with. It was 6 or 7 months ago when the Bowles-Simpson commission, the President's commission on the deficit, gave us a blueprint and said: Here is a way to reach $4.5 trillion of deficit reduction in a fair way: Put everything on the table. Democrats, suck it up. Put entitlements on the table. Make sure that at the end of the day, these are still programs that serve the public, Social Security is still there making its promised payments. Make sure Medicare covers the health care of elderly Americans. Do it in a fiscally responsible way, but don't run away from it. Don't ignore the problems we face.

Similarly, the Bowles-Simpson commission said to those on the other side of the aisle: Be honest about revenue. We are facing the lowest Federal revenue against our gross domestic product we have seen in 60 years. Is it any wonder we are in deficit? Fifteen percent of our gross domestic product comes to the Federal Government revenue share and we spend 25 percent. So the 10-percent difference is our deficit. It is time to bring the spending down and the revenue up.

Critics will say we can't raise taxes in the midst of a recession. Well, we need to be careful, I agree. Raising taxes in the wrong places could hurt our recovery. Here are some places where it won't hurt, as this resolution says, at the highest income categories. These Americans can afford to pay a little more. They certainly don't need a tax break.

Secondly, take a look at the Tax Code. We have up to $1.2 trillion a year in tax spending, tax earmarks, credits and deductions that the special interest lobbyists put in the Tax Code. Many of them are absolutely indefensible, and we can't afford them anymore. If we are asking sacrifice across the board from America, we should ask sacrifice from those who are benefiting from these tax loopholes and tax benefits. We can do that. In fact, we may be able to do it if we follow Bowles-Simpson and at the same time reduce the marginal tax rates for all Americans. It can be done.

Let's take a hard look at the Tax Code and remember that 70 percent of Americans do not itemize, which means they do not take advantage of the Tax Code, except in a rare situation where they have a refundable tax credit. These people are not using the Tax Code. Those who use it are in higher income categories. They are using it, they are following the law, and they are avoiding their taxes.

Warren Buffett had a great quote which we should remember while we debate this. November 26, 2006:

> There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning.

Warren Buffett is a man of few words and is listened to carefully because of his wisdom in business and in life, and he hits the nail on the head. He said to me and to many others—and publicly—it is unconscionable that using our Tax Code today, he, Warren Buffett, pays a lower marginal tax rate than the secretaries in his office. That is absolutely wrong. Why should a hard-working person in a business, at a lower level, pay a higher marginal tax rate than the person owning the business, making millions of dollars each year? That is where the Tax Code is wrong, and that is where we can change it, save money, use it to reduce the deficit and reduce marginal income tax rates.

That is what this resolution is all about. It is nothing short of amazing we are debating the question of whether those who make $1 million or more each year should pony up and contribute more when it comes to deficit reduction.

The newspapers this morning talk about what may be included in any final agreement. I don't know what will be included. I hope there is an agreement. There is one thing I wish to make clear. I just left a meeting with people who do forecasting—Standard & Poor's, Moody's, Fitch, and the like. They talked about what is going to happen if we do not extend the debt ceiling. Let me lay my cards on the table. The debt ceiling vote every year is a political football. Those who are not in the President's party don't want to vote for it. Why should they, and go home and get slapped around for having voted to extend America's debt. In years gone by, there have been times I didn't vote for it but, in all honesty, I knew in the back of my mind it was going to pass.

Here is the reality: If we reach a stalemate on the debt ceiling now because the President's party doesn't control the Congress—certainly not the House and barely in the Senate—if we don't extend the debt ceiling, what is going to happen is very obvious. The full faith and credit of the United States is going to be called into question, and that has never happened. We have never in our history failed to extend the debt ceiling and to say we stand behind our debts and will make good on payments. If there is any question about that, we know what happens. It is the same thing that happens when a person defaults on their home mortgage. It becomes increasingly difficult to ever get another mortgage and if that person does, he or she faces higher interest rates than ever. That is what America will face if we don't extend the debt ceiling. So these people from these rating agencies came to us and said it will be disastrous if you allow the debt ceiling not to be extended on August 2. That is the reality of the world we live in.

So I would say, as we go into these important and difficult negotiations, as we move toward the moment when we are going to have, I hope, an agreement, let's make it very clear to the world that the United States understands its obligations, will pay its debts, and that we won't face the dire consequences of the opposite being true. That is the reality of what we face today.

I will say one last thing before I yield the floor.

As we structure this deficit rescue or deficit project, let's remember two things are essential. There are vulnerable people in the United States of America who, through no fault of their own, struggle each day to live. Some of them suffer from physical and mental disabilities. Some of them have been poor their entire lives and come from

poor families and have a difficult time and limited education. Some of them are elderly and in nursing homes. These people—the most vulnerable among us—need a helping hand. We have never failed to do that in modern times and we shouldn't in this time of trouble, time of deficit. We can keep our word to the poor among us that we are going to stand by them because we are caring people. We can do it by making certain the Medicaid Program, which provides health insurance for one-third of the children in America and which covers the medical costs of birth of more than 40 percent of children in America and literally provides for millions of seniors to be able to stay in nursing homes and in senior settings, these are the things we need to take care of in the midst of this deficit reduction.

I see my colleague from Tennessee on the Republican side has come to the floor, and there is time available on his side. I didn't know if anyone was coming. I am wrapping up, so I thank my colleague from Tennessee.

I will wrap up by saying we can take care to make sure the safety net is protected, and to make sure as well that we address all levels of spending in our government—every one of them—to make certain that whether it is the defense budget or the budget for programs not related to defense or whether it is entitlement programs, all of these need to be carefully scrutinized. We can cut spending in a responsible, bipartisan way and show we can bring our deficit down, strengthen this economy and, I think in the process, if we do it on a bipartisan basis, we are going to launch an economic recovery that inures to the benefit of all of us. If we don't and this ends up in finger pointing, I don't know who will take the fall for it. No one does. But the best thing we can do is to ignore the political aspect and deal with the reality of the challenge we face.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I appreciate what the Senator from Illinois said and I congratulate him not necessarily for the specifics of what he said but for his general demeanor and attitude throughout this entire discussion about the deficit and the debt. He has been one of those Senators—there have been some on both sides of the aisle—who have made some difficult choices and some difficult decisions and recognizes that at a time when Washington is borrowing 40 cents of every dollar we spend, we have a serious problem and we have to look at our entire fiscal condition in order to solve the problem. The people of this country expect us to do that. So Senator DURBIN has, by his willingness to make some hard decisions, set a pretty good example for all of us in the Senate.

Today, my hope is the meeting the President has with our congressional leaders of both sides succeeds, because if they succeed, our country succeeds. The country expects us to do that. I hope they think big. I hope they swing for the fences and get a result and bring it back to us and let us consider it and hopefully enact it and get on to other business. The debt is a major long-term problem, not just for our grandchildren but for us today. We have a bigger issue facing us which is the fact that we have had persistent unemployment in an economy that is not growing, and that is hurting too many people. So the sooner we swing for the fences and get a result and get our debt under control and deal with it in a bipartisan way, the better for the country and the quicker we will be able to get on to the larger question of jobs.

Of course, economists have made clear to us getting the debt under control has a lot to do with jobs. When our total debt is as high as it is today—nearly 100 percent of our gross domestic product—that probably costs us 1 million jobs a year. We can't solve all of that in 1 day or 1 month, but we can take a big step in the right direction, and that is what our countrymen and women want us to do.

I am glad I was able to be here to hear part of the Senator's speech and I am glad I have a chance to commend him for his leadership on this vexing and important problem we need to deal with.

I thank the President, and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

Mr. DURBIN. Mr. President, if it meets with the approval of the Senator from Tennessee in leadership on the Republican side, I suggest we yield back all time, and I ask unanimous consent to proceed to the vote.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

CLOTURE MOTION

Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to Calendar No. 93, S. 1323, a bill to express the sense of the Senate on shared sacrifice in resolving the budget deficit.

Harry Reid, Richard J. Durbin, Charles E. Schumer, Frank R. Lautenberg, Al Franken, John D. Rockefeller IV, Jack Reed, Sheldon Whitehouse, Sherrod Brown, Bernard Sanders, John F. Kerry, Jeff Merkley, Debbie Stabenow, Daniel K. Akaka, Daniel K. Inouye, Patrick J. Leahy, Benjamin L. Cardin.

The ACTING PRESIDENT pro tempore. By unanimous consent, the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on the motion to proceed to S. 1323, a bill to express the sense of the Senate on shared sacrifice in resolving the budget deficit, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Iowa (Mr. HARKIN), the Senator from Vermont (Mr. LEAHY), and the Senator from Montana (Mr. TESTER) are necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from North Carolina (Mr. BURR).

The ACTING PRESIDENT pro tempore. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 74, nays 22, as follows:

[Rollcall Vote No. 106 Leg.]

YEAS—74

Akaka	Graham	Moran
Alexander	Grassley	Murkowski
Baucus	Hagan	Murray
Begich	Hoeven	Nelson (FL)
Bennet	Hutchison	Pryor
Bingaman	Inouye	Reed
Blumenthal	Johanns	Reid
Boxer	Johnson (SD)	Roberts
Brown (MA)	Kerry	Rockefeller
Brown (OH)	Kirk	Sanders
Cantwell	Klobuchar	Schumer
Cardin	Kohl	Sessions
Carper	Kyl	Shaheen
Casey	Landrieu	Shelby
Coats	Lautenberg	Snowe
Cochran	Levin	Stabenow
Collins	Lieberman	Thune
Conrad	Lugar	Udall (CO)
Coons	Manchin	Udall (NM)
Corker	McCain	Vitter
Cornyn	McCaskill	Warner
Durbin	McConnell	Webb
Feinstein	Menendez	Whitehouse
Franken	Merkley	Wyden
Gillibrand	Mikulski	

NAYS—22

Ayotte	Enzi	Paul
Barrasso	Hatch	Portman
Blunt	Heller	Risch
Boozman	Inhofe	Rubio
Chambliss	Isakson	Toomey
Coburn	Johnson (WI)	Wicker
Crapo	Lee	
DeMint	Nelson (NE)	

NOT VOTING—4

Burr	Leahy
Harkin	Tester

The ACTING PRESIDENT pro tempore. On this vote, the yeas are 74, the nays are 22. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

The majority leader is recognized.

Mr. REID. Mr. President, I ask unanimous consent that the time until 6 p.m. today on the motion to proceed be equally divided between the two leaders or there designees; further, that at 2 p.m., Monday, July 11, the Senate resume consideration of the motion to proceed to S. 1323, with the time until 5:30 equally divided between the two leaders or their designees; that at 5:30 p.m. the Senate proceed to vote on the adoption of the motion to proceed to S. 1323.

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

Mr. REID. There will be no more rollcall votes this week.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the quorum call be rescinded.

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

Mr. McCAIN. Will the Senator from Texas yield for a question?

Mrs. HUTCHISON. I will, Mr. President.

Mr. McCAIN. The Senator from Texas, I am just wondering if a view that she might have might be that we have been terribly overworked this week. I understand we cancelled our Fourth of July recess in order to get back here and get to work and do the people's business.

Is it correct that was the second vote that we have taken? One was an instruction of the Sergeant at Arms, and this one, another highly controversial issue that was taken up.

I guess my question to the Senator from Texas is, Has this week been a worthwhile expenditure of the taxpayers' dollars?

Mrs. HUTCHISON. Well, I will respond to the distinguished Senator from Arizona that the resolution that was just passed was to go to a sense-of-the-Senate resolution, which, of course, has no force of law. It is, indeed, our second vote this week.

I will say that there is one thing on the minds of the people today, one thing on the minds of the people of America today, and it is, What on Earth is Congress doing? What on Earth is the President doing? What are they doing to address the looming debt crisis? And we were called back in not to recess but so that we could do something meaningful.

When I saw the Senator from Arizona on the Senate floor, he was ready to talk about our international situation and the commitments that we are making certainly. Many people said: No, wait a minute. We have a debt crisis, and we can't wait until August 2 to fulfill it.

So I would just respond to the Senator from Arizona and say, when do the American people get the answer they deserve, which is that Congress and the President are working together, and we are being productive, and we have a budget resolution on the floor, and we are debating it and we are talking about our differences on taxes and spending? I don't think we can tax our way out of a recession. I don't think we can tax our way out of the budget deficit.

I would just ask the Senator from Arizona if he thinks that we can make meaningful progress staying in session and debating, and if, in fact, that might be an option in the future.

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

Mr. McCAIN. I see the distinguished majority leader waiting, so I will make my comments brief. I know that his agenda is very busy.

I would just say to my friend from Texas that I understand a lot of the inner mechanisms and hidden workings are going on behind the scenes. But when I go back and tell my constituents that we cancelled a week of recess and we had two votes—one to instruct the Sergeant at Arms and the other on a sense-of-the Senate resolution—I would have liked to have taken up other business that was rejected by Members on this side because they wanted to focus on the deficit. But if we are focusing on that, maybe we should have taken up some issues that directly affect the deficit, such as ethanol subsidies, such as some of the other tax breaks and loopholes and other issues that surround the whole bankruptcy of this country.

I see the majority leader is waiting, so I will yield to my friend from Texas.

Mrs. HUTCHISON. I would just ask unanimous consent that following the majority leader I regain the floor.

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

Mr. REID. The Senator from Texas will have the floor. I just have a brief comment.

I have known my friend, the senior Senator from Arizona, since 1982 when we were both elected to Congress. His record of public service speaks for itself. But I would say to him, and to everyone within the sound of my voice, we didn't vote on Libya, this important resolution that had been worked on so hard by the distinguished Senator from Arizona and the chairman of the Foreign Relations Committee, because I was told we wouldn't get any votes from the Republicans because they wanted to focus on the deficit.

My friend also recognizes, as he said, that there is work going on behind the scenes, and that is true. There has been a lot of work this week that took place as a result of our being here that would not have taken place but for the fact that we are in session.

We know a lot of the work we accomplish here is not with votes. One reason we have not been having a lot of votes in recent months is because we can't get things on the Senate floor. We have been stopped by my Republican friends. There are meetings going on with the White House and with the Speaker, a multitude of meetings there, meetings going on between Members of the Senate and Democrats and Republicans in the House of Representatives. So I would say to everyone here it is good we were in session this week. I haven't heard a single person who is not in Congress complain about our being here. It is important we are here. As a result of that, we have been able to move down the road much further on the problems we have with the debt than we would have had we not been in session because there are all kinds of meetings going on around town dealing with how we do this.

We had a meeting right behind us today that started at 9 where we had the head of the Chamber of Commerce in. We had people from Moody's Financial Services. They were here to tell us what they are doing to focus on Republicans being able to help us get through this problem dealing with the debt.

We have to do something about the staggering debt that faces us, and what this resolution we voted on earlier today is all about is making sure there is equal sacrifice in our country; that is, we know we are going to have to make some cuts. We also recognize that we need to do something about equalizing revenue, and that is what is going on.

While what we do in the Senate every week isn't like solving a math problem—there is no perfection—that is the way the Founding Fathers set up this great government of ours. So we are going to continue to work in the next 4 weeks of this work period to solve some of the Nation's problems.

No. 1 on the list is doing something about our staggering debt.

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

Mrs. HUTCHISON. Mr. President, I appreciate what the majority leader has said.

There is a lot going on, and there is the beginning, perhaps, of coming together, hopefully, with the President and the leadership of the House and the Senate. I just hope that we can establish why it is that there is such a divide on how we accomplish the issue of raising the debt ceiling with real reforms that will assure that we will not have to raise the debt ceiling again; that we will cut deficits so the debt will also be cut in this country. We cannot sustain the level of debt we have now. It is the highest we have ever had in the history of this country.

Mr. President, let's face it. We have two basic problems. We have this looming $14 trillion debt that is about to hit the ceiling, and we have to raise the ceiling. It would be irresponsible to do that without significant reforms that will assure that we are not going to hit it again. But the second problem we have is 9.1 percent unemployment.

So it is not like we are in a vacuum and we can just start taxing our small businesses, when small business has already had the looming hit of the health care plan that was passed that is going to cause every business in this country significant increases in their cost of doing business.

So when people are out there saying: Why is unemployment still so high? Why is hiring lagging? I think it is because businesses are trying to prepare for this big hit they are going to get in 2014 when the Obama health care plan takes full effect. They are trying to figure out if they are going to pay more for insurance or if they are going to take the fine and pay fines for every

employee who doesn't have insurance, which is going to cause chaos in this country. So they are trying to decide.

On top of that, people on the other side of the aisle in Washington, DC, keep talking about increasing taxes, and the President keeps talking about increasing taxes. So no wonder our employers are not saying: Oh, yes, let's just open the floodgates and bring people back to work. They don't know what to expect.

We must generate economic growth, not stifle it. We need businesses to feel confident in the future that they are going to be able to make a profit on top of all the added costs of new taxes and health care reform that is going to hit businesses the hardest.

So we don't have a tax problem in this country. We are not being taxed too little. This government is spending too much. That is the problem we are facing right now. That is why we have a $14 trillion debt. We have a $1.6 trillion shortfall between spending and revenue this year.

So I am reminded of what Ronald Reagan once said: We don't have a $1 trillion debt because we haven't taxed enough. We have a $1 trillion debt because we spend too much.

Let's look at the spending side of the equation. We cannot continue business as usual in Washington and fix this problem. When President Obama was sworn into office, the national debt was $10.6 trillion. It was too much then. I think we all agree. Now it is $14.3 trillion. We are weeks away from officially hitting that $14.3 trillion debt ceiling.

We have had a monumental addition to the unprecedented number of spending dollars that was the stimulus that passed in February of 2009. Today, the President's Council of Economic Advisers said that 2.4 million jobs were created at a cost of $666 billion. That is about three-quarters of the stimulus. That is a cost to taxpayers of $278,000 per job. That is just not reasonable. This is the kind of spending we cannot continue in this country.

I think they say they want to increase taxes, and I hear the President say we must increase taxes on the oil companies, increase taxes on corporate jets. I think if we are fair and across-the-board and we tax oil companies like we tax every business—sure. Let's even the playing field. If we are going to take away the business deductions every business gets in this country, then, sure, let's take them from every business, including oil. But it is not going to help the deficit because it is not enough to help the deficit.

They say they want to increase taxes in order to reduce the deficit, but what they really want is to increase taxes to permanently increase spending so the big government we have seen grow in the last 2 years, 2½ years will be permanent. That is why they want to increase taxes.

I say there is a way to fix this. First of all, we could pass a balanced budget amendment. A balanced budget amendment to the U.S. Constitution would put us on a budget that we would have to meet like most States in this Nation and every business and every family. We would set the limits. I believe the appropriate limit would be that total Federal expenditures would be limited to 18 percent of the gross domestic product. Then Congress would also have to have caps on spending—about the same, 18 percent of gross domestic product. This would be a spending reform we could adopt that I believe the States would also agree to ratify that would give us a trajectory that would eliminate this deficit and the debt in this country, and we would be on a fiscally responsible path.

Second, if we are going to do this, we have to look at entitlements. That is the reality. We have a nearly bankrupt entitlement system that is ongoing regardless of what the revenue coming in is. The debt limit and the ongoing deficit reduction negotiations need to put entitlement reform on the table. Until yesterday they had refused to do it, but now it seems that perhaps some entitlement reform might be on the table. For instance, one that I have introduced a bill to correct is the Social Security system. Social Security will account for one-fifth of all Federal spending this year. The time for reform is now, and we can do it in a reasonable way.

The amount of Social Security benefits being paid out exceeds the revenue the Social Security payroll is collecting, and we are starting to draw down on the Social Security reserves. When the reserves run out in 2036, Social Security will only be able to pay out 77 percent of the benefits to current and future retirees. That is the law today. It would force a 23-percent cut in benefits. That is the law today.

The Social Security Board of Trustees reported earlier this year that one way to shore up Social Security's assets is to immediately and permanently increase the combined payroll tax on employees and employers from 12.4 to 14.5 percent—in other words, increase payroll taxes by one-sixth during our jobless economic nonrecovery. I do not think that is really feasible.

The trustees also noted that the shortfall could be eliminated by an immediate 13.8 percent cut in core benefits retirees are getting right now—an immediate $150-per-month cut in every Social Security benefit check right now. That was what the Social Security trustees suggested was a possibility. That is something I think we would unanimously, in this Senate, reject. No one is going to cut benefits $150 per month right now—nobody. Nobody would do it.

If we are going to address this, I have proposed a plan. Senator KYL and I introduced S. 1213, the Defend and Save Social Security Act. First, everyone knows we are living longer than when the Social Security Act passed. We have a higher quality of life. People want to work longer in most areas. So why not gradually raise the retirement age without impacting those who are about to retire?

Under my bill, anyone who is 58 years of age or older will see no change by the gradual increase of the retirement age. For everyone else, starting in 2016 the normal and early retirement age would increase by 3 months a year, so the normal retirement age would reach 67 by 2019, 68 by 2023, and 69 at 2027, and it stops there. Early retirement would be gradual—3 months a year, increased to 63 by 2019 and 64 by 2023, and it would stop.

Currently, Social Security recipients receive an annual cost-of-living adjustment, a COLA. Under my plan, the COLA would be computed as it is in current law but reduced 1 percent. So the average rate of inflation and COLA has been 2.2 percent every year of an increase. So if we have a 2.2-percent rate of inflation COLA, it would be a 1.2-percent increase in Social Security benefits. What I am saying is that a 1-percent decrease in the COLA is just a 1-percent decrease in the increase.

You would have the gradual raising of the age that would be much more in line with our actuarial table and the reality today, where people are living much longer, and you would also have a slight decrease in the increase in Social Security benefits according to inflation. If we have rampant inflation, then you would have the COLA, just 1 percent less. So if it is 2.2 percent inflation, then you would get a 1.2-percent COLA. Doing that saves the Social Security system, and it closes the 75-year gap. It does not raise taxes on anyone, and it does not cut a core benefit for anyone. That is the way we could fix Social Security right now.

What would that do for our deficit? Here is what it would do. It would achieve a $416 billion reduction over the next 10 years of our deficit and a $7.2 trillion savings by 2085. That means we are on the track. That means that over the next 75 years Social Security will be solid and secure without a tax increase on anyone and without a cut in core benefits to anyone, and no one who is 58 years of age or older will be affected by the adjustment in the retirement age.

We have a chance to do some things. I have gone out and said: Here is a proposal. My colleague, Senator CORKER, has proposed a limit, a cap on spending that is a reasonable limit. Other colleagues—Senator LEE, Senator PAUL, and Senator TOOMEY have suggested other ways to cut spending across the board, just a level goal. They are not cutting specific things, but they are cutting the discretionary spending at reasonable levels. Many Republicans are offering ways to cut back on spending. My colleague, Senator CORNYN from Texas, has put forward a cap on spending and a balanced budget amendment. There are proposals out there that are responsible ways to deal with this deficit that include entitlements and discretionary spending both.

It is time for the President of the United States to sit down at the table and understand that tax increases for kind of a photo-op PR are not going to fill the void. The public relations of cutting back on corporate jet benefits, whatever they are—I don't know what they are; I don't have one—but I think we would probably all agree, if you can afford a corporate jet or a private jet, fine. Whatever the President wants to do, we will do it, and it will do nothing to help the deficit. So why don't we do the meaningful things, which is make meaningful cuts in discretionary spending. Let's attack what everybody knows is the case; that is, Social Security is going bankrupt as we speak. If Congress and the President will speak responsibly about it, we can put that on a glidepath that is within the reasonable actuarial table estimate so that people will work longer, and very gradually increase it—starting in 2016, ending in 2027 at 69. That is gradual.

We cannot procrastinate. We cannot wait. We cannot hope the crisis will pass. And we cannot delay the inevitable. This is the Senate. We were elected to make the tough choices. It is time for us to do it.

I yield the floor.

The PRESIDING OFFICER (Mr. BROWN of Ohio). The Senator from Pennsylvania is recognized.

TRADE WITH SOUTH KOREA

Mr. CASEY. Mr. President, I rise today to discuss the Senate's upcoming trade agenda and its impact on Pennsylvania workers and Pennsylvania jobs.

Like so many of our States, Pennsylvania has always played a critically important role in America's manufacturing and commercial heritage. The coal and waterways of our State helped make the Commonwealth legendary for steelmaking and helped turn the United States into an industrial powerhouse. During its heyday, 60 percent of the domestic steel production in the United States came from Pennsylvania.

During World War II, almost one-third of the Nation's steel came from Pennsylvania, which was a full 20 percent of global production at the time. The then-Governor of Pennsylvania, Arthur James, put it this way: ''Pennsylvania was truly the arsenal of democracy and the arsenal of America.''

Given its dominance in the steel industry, it is no surprise that the Commonwealth was sixth in the Nation in total war production during the Second World War, leading in shipbuilding and munitions production. More money was spent to expand production capacity in Pennsylvania than in any other State during the war.

We know at the time it did not stop there. It did not stop at the end of the war. After the war was over, these manufacturing facilities were used to make American products and fuel the growth of a thriving middle class.

Today, so many of these plants have gone away, due in part to our failed trade policies. Over the last 30 years, we have seen trade deficits soar, currency manipulation go unchecked, lavish subsidies by foreign governments go ignored, and exploitation of workers in other countries overlooked. That is why I am very concerned that today the Finance Committee is moving forward the pending agreements with South Korea, Colombia, and Panama. For the last several weeks, the Presiding Officer, Senator BROWN, and I have persistently asked the tough, critical questions about the impact of these agreements before they are considered. A review of the impact of past trade agreements offers very little comfort. In 1994, Congress passed the North American Free Trade Agreement. We know it as NAFTA. Since NAFTA's passage, U.S. Trade policies have steadily chipped away at Pennsylvania's manufacturing base.

It is a critical sector for our State and so many others. According to a recent study—and the chart on my left depicts it—from the Industrial Resource Centers, from 1997 to 2010, just 13 years, manufacturing went from 16.4 percent of our gross State product to 12.1 percent, a remarkable drop in just 13 years. What does that mean for the total number of jobs? In total, Pennsylvania lost nearly 300,000 manufacturing jobs. You can see it from the chart, starting in 1997, the drop to 12.1 percent in just those 13 years—300,000 jobs in 13 years.

Despite these alarming numbers and statistics, advocates for the trade deals, including the pending agreement with South Korea, promised significant economic benefits from exploding export potential to job creation. Proponents argue a significant net positive from these agreements every time they are considered. In reality, instead of creating opportunities for Pennsylvania, our trade policies did little more than offshore good-paying jobs, while giving our trading partners unlimited access to our markets.

So we must take the time now to ask the tough questions. Specifically, as a Senator from Pennsylvania, I must ask three basic questions about any trade deal. No. 1, will the agreement protect current Pennsylvania jobs and create new jobs in Pennsylvania and across America? No. 2, will the agreement help create a level playing field for American businesses and workers? No. 3, does the agreement provide new opportunities for American manufacturers to export?

I will focus on the South Korean Free Trade Agreement in the context of each question. First, will the agreement protect and create jobs in Pennsylvania and across the Nation? In these uncertain times, job creation must be our top priority. In Pennsylvania, the manufacturing sector is critical. Manufacturing remains the Commonwealth's largest source of good-paying jobs, with chemical primary metal products, fabricated metal products, food products, and machinery making up the top five manufacturing sectors supporting Pennsylvania families. These benefits extend beyond individual manufacturing businesses in our State—in fact, the economic benefits of a strong manufacturing sector experienced throughout Pennsylvania's economy. According to research commissioned by the Pennsylvania Industrial Resource Centers, every $1 increase in demand for products manufactured in our State leads to an increase in growth value of $2.52 across all industries. So one buck in activity can lead to $2.52 in value.

The manufacturing jobs that are created support middle-income families, and the creation of those jobs and the support they provided for those families in 2008 meant the following: The average annual compensation of a worker in the manufacturing sector was over $65,000. The average pay for the rest of the workforce was $10,000 less. Each good-paying job in this country allows for more money to flow back into the economy. Given the importance of manufacturing jobs in Pennsylvania, we must ask ourselves: Will the Korea trade agreement create jobs, especially in the manufacturing sector? I believe it will not create a substantial number of new jobs in this critical sector.

Looking back over the last 20 years, trade-related job expansion has been an unfulfilled promise for Pennsylvania and the Nation. We need to look no further than NAFTA. In 1993, when the agreement was signed, NAFTA promised to deliver hundreds of thousands of jobs across the United States. Leading economists at the time projected NAFTA would bring 170,000 new jobs in the near term alone. These gains were not realized. Instead, since NAFTA was signed into law through 2002, 525,094 workers were certified as displaced under NAFTA, according to the Department of Labor. I am sure that number has grown since that 2002 data point. Furthermore, when NAFTA was negotiated, leaders suggested that American exports would expand greatly to meet the new-found demands of the open Mexican market with all its new customers. The opposite has occurred.

In 1993, the United States had a small trade surplus. We had a surplus with Mexico. According to the official Census Bureau statistics, by 2010, 17 years later, we were running a trade deficit with Mexico of $66.4 billion. So a surplus in trade with Mexico became a huge deficit. Trade with Canada also saw a widening trade deficit from $10 billion in 1993 to $28 billion in 2010. So there a deficit got bigger; whereas, in the case of Mexico, it went from a surplus to a massive deficit of $66 billion. The impact of these policies is plainly seen in employment data. Pennsylvania has seen a dramatic decline in manufacturing employment since NAFTA was implemented, losing a total of over 300,000 jobs. With this rosy prediction of NAFTA in mind, a close

look at the government's projections of the South Korea agreement should be viewed with great skepticism. While the International Trade Commission predicts our bilateral trade with Korea will improve, the total U.S. trade deficit is predicted to get larger. While proponents of the agreement argue U.S. exports to Korea will increase, they are neglecting to tell the whole truth. Companies will simply shift from exporting to Korea, to creating current customers in other places, rather than increasing total exports.

The second question I ask is, Will this agreement help create a level playing field after enactment? I believe this agreement, South Korea agreement, will fail to create a level playing field for our workers and our companies. Modern trade agreements do more than cut tariffs. These agreements contain hundreds of provisions that make substantial changes to nontrade policies, and the Korea agreement is no exception. According to the group Public Citizen, these nontrade provisions limit the authority granted to elected representatives of the American people over product and food safety, financial regulations, health care and energy regulations, patent terms, and even our tax dollars that can be spent by the government. The agreement allows Korean exporters to take investment disputes out of courts and into unaccountable and secretive international tribunals through a process known as investor-to-state dispute system that is similar to NAFTA.

Additionally, the investment chapters were signed prior to the current financial crisis back in 2007. These specific chapters include rules that prohibit either country from imposing firewalls between the sorts of financial services one firm may offer to limit the spread of risk, for example. Important protections put in place after the financial crisis of 2007 and 2008 could potentially be challenged under the pending agreement. Even more troubling is the issue of Korea's currency. South Korean currency manipulation remains an unaddressed problem. As we have seen in China, an intentionally weakened currency leads to a fundamentally unbalanced trade relationship and brutal conditions for U.S. companies. In a June 17 report, the Economic Policy Institute calculated that if Asian currencies were strengthened to appropriate market-determined levels, if that were done, U.S. gross domestic product would increase by as much as $285.7 billion or 1.9 percent, creating up to 2.25 million U.S. jobs; that is, if Asian currencies were strengthened to those appropriate levels. Unfortunately, as with other NAFTA-style free-trade agreements, this South Korea agreement is silent on currency. This is unacceptable because South Korea devalued their currency twice, once in 1988, once in 1998. Both interventions devalued their currency by 50 percent or more. South Korea was one of the first countries cited as a currency manipulator by the Treasury Department in 1988. South Korea continues their long history of manipulating their currency. In fact, the most recent Treasury report to Congress on international economic and exchange rate policies, from May 27, 2011, noted that South Korea intervened ''heavily'' in its currency market during the financial crisis and has continued uninterrupted since. Treasury urged South Korea to ''adopt a greater degree of exchange rate flexibility and less intervention.'' Currency policy has played a central role in China's mercantilist trade policies and has cost the United States thousands of jobs. We should not be cutting tariffs for the country, with South Korea's heavy history on currency manipulation, without language to deal with protecting us in a competitive environment in the devaluations that they have undertaken before.

Additionally, several groups raised the possibility that the agreement could be used to weaken U.S. trade laws. The free trade agreement creates a bilateral commission on trade laws. While our Trade Representative argues that this will not change any existing U.S. trade laws, this avenue could be used by advocates of weaker enforcement in the future.

Finally, I turn to the last question. Does the agreement provide new opportunities for Pennsylvania manufacturers to export their goods? Similar to NAFTA, the benefits of the South Korea deal have been, in my judgment, overstated, while the risks have been largely ignored. Rather than opening a new market for Pennsylvania farmers and manufacturers, I am concerned that the benefits to the United States are minimal, at best. There are specific reasons this deal fails to deliver for Pennsylvania exporters. First, most of the benefits are based on an overly optimistic projection for agriculture. These projections, compiled by supporters of the agreement, assume that a cut in tariffs will immediately equal a growth in market share.

We know from past experience that Asian markets, including South Korea, have come up with a host of unjustified nontariff restrictions to keep U.S. beef out of their country. These barriers to free trade are likely to limit export potential and are largely unaddressed in the agreement. There are other troubling clauses dealing with the beef industry. The South Korea agreement will allow American beef packagers to use Canadian or Mexican cattle and then export the packaged Mexican or Canadian beef as ''American'' beef. This policy, while great for beef packagers, undercuts the U.S. ranchers. Given our difficulties in gaining a foothold in these markets, we should rely solely on U.S. cattle, which we know are safe.

Second, one of Pennsylvania's most important sectors—dairy—the competing European Union Free Trade Agreement with South Korea could inhibit our ability to compete in the South Korean market. The text of the European Union agreement specifies that certain types of cheese, including mozzarella, must come from specific regions. As a result, European exporters could challenge U.S. producers selling cheese in South Korea as ''mozzarella'' or ''parmesan.'' In this sense, the Europeans have negotiated a better agreement, giving European companies an advantage over American companies.

Another problem with the agreement is which goods qualify for the ''Made in South Korea'' designation—the sticker, so to speak—and are allowed to, therefore, enter the United States duty free. Under the rules of origin in annex 6–A of the agreement, 65 percent of the value of many goods, including automobiles shipped duty free to the United States can come from South Korea and still be considered ''Made in South Korea.''

This standard is lower than the European Union agreement. The European Union agreement has a 55-percent content standard where content can be foreign and, once again, places our companies at a comparative disadvantage in international competition. Just as the chart depicts, 35 percent Korea plus 65 percent China will equal ''Made in Korea.'' I don't think that is what the American people bargain for when they expect us to get trade policies right. In a sense, this opens the door—a back door—for products primarily made in places such as North Korea or China to enter the United States of America duty free. That is wrong. It should be changed. We should not broker an agreement that has that in it.

Let me conclude with the three questions I started with. First, will the agreement create a substantial number of new jobs? I am concerned it will not. In previous agreements such as NAFTA, if they are any indication, the U.S.-Korea agreement will lead to job losses, especially in the critical manufacturing sector.

Second, will the agreement help create a level playing field? It will not. The agreement fails to address critical issues such as currency manipulation that have already hurt American businesses and cost us jobs.

Third, does the agreement provide new opportunities for American manufacturers to export? Proponents have overstated the benefits. Certainly industries and firms are likely to benefit, while many others will not. What is clear is that in its failure to address nontariff barriers to trade, the agreement leaves American firms unprotected and on a playing field that is not level.

Instead of moving ahead with a broken model, we need to focus on the bigger picture—formulating a strategy that helps American manufacturers, that leads to job creation to help middle-income families, helping us create the jobs of the future.

To make real sustained progress, Washington needs to have a plan, a

strategy. We must develop and commit ourselves to a national manufacturing strategy that includes job-creating trade policies as well.

Recently I convened a roundtable in Pennsylvania with leaders of several southwestern Pennsylvania companies at the Universal Electric Corporation in Canonsburg, Washington County, to listen to their ideas and bring them to Washington, DC, to keep a focus on supporting manufacturing. I heard a number of common themes. First of all, we should develop a national strategy, as I mentioned, for manufacturing. Second, we should make the R&D tax credit permanent. Third, we should crack down—really crack down—on China's currency manipulation and other unfair trade policies so that Pennsylvania companies and their workers have at least a fair shot. Legislation I recently introduced gives us those tools to hold countries accountable for manipulating currencies.

We also need to extend trade adjustment assistance to help workers who have lost their jobs to overseas unfair foreign competition so they can build new skills and find new employment.

Finally, we need to invest in science, technology, engineering, and math, the so-called STEM discipline, which we know will create many jobs in the future.

Manufacturing is the heart and soul of Pennsylvania and our Nation's economy. Our future depends on developing policies that help our workers and our businesses compete in the global production of goods. Our workers and our businesses can outcompete anyone in the world—any country in the world. We just need to give them a fair shot. We need to give them a strategy. These agreements don't do that.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. Mr. President I would observe the current Presiding Officer has had the misfortune of being in the chair whenever I am coming down to speak, so I appreciate his patience.

Today, congressional leaders are meeting with the President of the United States to discuss what can be done to reduce the Nation's out-of-control deficit, to deal with our unsustainable debt, to get America back to work and help grow our economy. I congratulate the President for convening this meeting, which will probably be one of the last chances we will have to deal with this deadline of August 2 to deal with the debt limit—a situation wherein we have maxed out our Nation's credit card. Forty-three cents out of every dollar the Federal Government spends today is borrowed money, making the deficit worse and not better and making the debt worse and not better. This is the chance to kick the habit of out-of-control spending here in Washington.

I appreciate the fact the President has moved from his initial position wherein he advocated for Congress to simply raise the debt limit without putting Washington and Congress on a spending diet. I appreciate the fact he has moved in his position. I read today in the daily newspapers that he is putting a lot of things, including Social Security reform, on the table, together with other entitlements. I hope this represents a change of position, a change of attitude, and the President and our negotiators will seize this opportunity to do the kind of grand bargain that will put America back on to a more solid fiscal path. Every child born in the United States today—while being one of the luckiest people in the world being born in the United States of America, but at the same time being burdened—every child born today will be burdened with $46,000 for their share of the national debt. That is simply wrong and we all know it.

Unfortunately, there has been a lot of discussion about the White House and some of our Democratic colleagues wanting to raise taxes as part of this grand bargain. Indeed, I think that is the notion behind this sense-of-the-Senate resolution the majority leader has introduced, which is targeted at millionaires and billionaires. The sense-of-the-Senate resolution the majority leader wants us to vote on says it is the sense of the Senate that any agreement to reduce the budget deficit should require that those earning $1 million or more per year make a more meaningful contribution to deficit reduction.

Unfortunately, this is not real legislation. This won't change anything. This is a sense of the Senate. This is a resolution, which I think is a missed opportunity to actually deal with the issue rather than pretend as though we are treating it seriously.

When the White House proposes that working families and small businesses, among others, suffer a $400 billion tax increase over the next 10 years, it strikes me that in one sense this is like a diet where a person says, I am going to give up dessert. I am not going to eat dessert. But then that person binges on the buffet. In other words, it is not real. It is not going to work.

To put this in perspective, the Federal Government is currently borrowing $4 billion every day this year. So actually raising taxes in this amount—while this only amounts to 10 days of what Washington spends—raising taxes by $400 billion over 10 years, as we can see, won't make a serious dent in the deficit and the debt, and they are very serious job-killing proposals as well. It strikes me as common sense to say if we want more jobs, we make it easier to create jobs. If we want less jobs, we make it harder to create jobs by raising taxes, by excessive regulation, and other obstacles to job creation. The irony is that I am not confident our friends on the other side who propose tax increases as part of this grand bargain actually want to use that increased revenue to pay down the deficit and the debt. To the contrary, I fear what they want to do is continue spending at the current levels. So it is kind of a shell game, saying we are going to cut $2 trillion but we are going to raise taxes by $2 trillion. What does that mean? Unless that $2 trillion in additional revenue is used to pay down the debt, it means it is a wash and government and Washington continue business as usual. I don't think the American people want us to continue doing business as usual. I think they want us to listen to them and to mend our ways.

Let me give a context for how nonserious some of the proposals are, including out of the President of the United States. All of a sudden he focused last week on this depreciation schedule for corporate jets. Depreciation is a normal part of the Tax Code which says if one uses something in a business, one can basically write it down over time. It won't surprise us to find that if a person did that, if a person did what the President said—eliminate depreciation of corporate jets—it would generate about $3 billion in revenue to the Federal Treasury over 10 years—$3 billion over 10 years. But to get a sense of what a minuscule contribution that would make to solving the problem, consider what our annual deficit is. This is in 1 year. This is what $1.5 trillion looks like. It has 12 zeroes; a 1, a 5, and 11 zeroes after the 5. That is our annual deficit.

The President says to solve this annual deficit, we need to raise $3 billion in additional revenue from corporate jet owners. Obviously, it is a drop in the bucket. But it is even worse when we look at the debt. The deficit, of course, is the difference between what the Federal Government brings in and what it spends. Right now it is spending about $1.5 trillion more each year than it brings in, in revenue. That is the deficit. But the accumulation of those deficits represents the debt. This is how much red ink our Federal Government is spending—or where we find ourselves—and that is $14 trillion. This is the number the President wants us to raise—$14 trillion. That is like the max on a credit card. If a person is spending too much money, that person bumps up against the credit card limit. The President, in essence, rather than cutting back on spending and making sure we are paying our bills we already owe, wants to raise it so the Federal Government can spend more money.

As I mentioned, this $14 trillion in debt boils down to $46,000 for every man, woman, and child in the country. So when the President gives a press conference—and I can't remember how many times he mentions chartered jets—but he talks about $3 billion in revenue over 10 years, it is a drop in the bucket when dealing with a 1-year deficit, or a deficit each year, currently of $1.5 trillion, or a $14 trillion debt. So the fact is we cannot get there from here, even if we did what the President said. It is not serious. It is not honest. It is not candid in terms of

what we need to do to get our country back on a solid fiscal pathway.

So let's talk about Federal tax reform. There has been a lot of discussion about that, where we want to take the Tax Code with all of its multiple provisions and get it on the table and take a look at it to make sure it is, in my view, flatter, fairer, and simpler. But right now, the fact of that according to the Committee on Joint Taxation, 51 percent—that is a majority of American households—paid no income tax in 2009. Zero. Zip. Nada. No income tax was paid by 51 percent of the households in America in 2009. Actually, to show how out of whack things have gotten, 30 percent of American households actually made money from the tax system by way of refundable tax credits, the earned income tax credit, among others. So 51 percent of American households paid no income tax in 2009, but 30 percent actually made money under the current system. According to the Internal Revenue Service, the top 10 percent of wage earners in America paid 70 percent of total income taxes. The top 5 percent of income earners in America paid nearly 60 percent of income taxes, and the top 1 percent paid 38 percent of income taxes.

So what is the President talking about and what is the majority leader trying to—what point are they trying to make when they suggest we pass a sense-of-the-Senate resolution saying that millionaires should ''make a more meaningful contribution to the deficit reduction effort''? What is their point? Is their point that we ought to raise taxes on people who are already paying taxes? Is their point that we should expand the pool of people who do not pay any income tax or should we perhaps expand the pool of people who actually benefit from cash transfers, payments as a result of a refundable tax credit?

Well, I think it is pretty obvious we need tax reform. I am skeptical that we have time between now and Secretary Geithner's stated deadline of August 2 to do what we need to do and to repair and fix our broken tax system. But I think this helps put in context the frankly cynical suggestion that somehow we could solve the problem if we just go after the fat cats and the corporate jet owners. If we just make the millionaires and billionaires pay more money, it will all be all right. Well, I think the American people are smarter than that. When confronted with the facts, I think they can readily conclude and will readily conclude that the system is broken and needs to be fixed. We do not need a bunch of smoke and mirrors and phony arguments about class warfare. That is not going to solve the problem. We need to solve the problem.

Well, let's look at the President's economic record. I know there have been some press reports about that the President said we are making a comeback. I think he called this summer ''the summer of recovery,'' if I am not mistaken. But, in fact, we know the President's policies are actually making things worse.

All you need to do is look at the number of people who are unemployed in America. There were 12 million people unemployed on his inauguration day. Now it is almost 14 million. Almost 2 million more Americans are unemployed. Is that making things better? No. It is making things worse. And we know there are a lot of people who are taking minimum-wage jobs and other jobs not up to their full potential because they want to provide for their families, so we call those people underemployed. That would make that number even higher. When the President was inaugurated in January of 2009, the unemployment rate was 7.8 percent. Today, it is 9.1 percent. That is a 17-percent increase. In other words, unemployment is worse today than it was when the President was sworn in.

Gas prices. We all know what has happened to gas prices. They have gone through the roof. People are having to deny themselves other discretionary expenditures because they simply have to have the gasoline to be able to drive to work, drive the kids to school, or take care of their daily business. The fact is, when the President was sworn in, gasoline prices were $1.85. Well, wouldn't it be great if gas prices were $1.85 today? Instead, they average $3.58. That is almost a 100-percent increase in gasoline prices since President Obama put his hand on the Bible and was sworn in as President of the United States. It is a 94-percent increase.

Then we were talking about the Federal debt. The Federal debt when the President was sworn in—some people will tell you: Oh, it is all about President Bush and fighting two wars that were not paid for. It is about the Bush tax cuts and other things. Well, I agree there is bipartisan blame when it comes to our national debt, but we ought to link arms and work together to try to solve the problem rather than continue to make it worse. The Federal debt when President Obama was sworn in was $10.6 trillion. Today, it is $14.3 trillion. It is 35 percent worse. The debt has gone up by 35 percent since President Obama was sworn in.

I mentioned this factor earlier. As shown on this chart, this is what every American citizen owes in terms of their share of the national debt. When President Obama was sworn in, it was $34,000. Today, it is 46,000. So, congratulations, everyone within the sound of my voice owes $11,000 more to the national debt since President Obama became President of the United States.

Then there is health insurance. We have had a lot of debate about health insurance costs. We were told that if we just passed this giant health care bill, health insurance costs would go down, we would fix problems, and we would make sure more people had access to health care. Well, since President Obama became President, health insurance premiums have gone up by 19 percent—19 percent. Did he make it better or did he make it worse?

Well, we need to unburden the economy from higher taxes, excessive regulation, and all the sorts of obstacles that get in the way of small businesses—the primary job-creating engine in our economy—doing what they do best; that is, growing the economy, creating jobs. If our friends across the aisle want more tax revenue, well, the best way to get more revenue is to get more Americans back to work so they pay taxes rather than remain unemployed, losing their homes because they cannot pay their mortgages. That is how we ought to increase revenue, not by raising rates, not by some of these silly class-warfare arguments that seem to target unpopular sectors of the economy.

And, yes, we need to increase exports to create more jobs. We can do that by ratifying the outstanding trade agreements without adding unnecessary spending to them.

And, yes, when it comes to energy policy, the high price of gasoline—which has gone up 94 percent since President Obama became President of the United States—we can open more domestic energy reserves, more American natural resources, rather than continue to have to import it from places abroad that are not necessarily our friends or which may be in political turmoil or even war, such as Libya. So if we had a rational national energy policy where the EPA, rather than looking for excuses to deny us access to things such as the natural gas discoveries we have found in Texas and around the country—if we had a way to take advantage of and did, in fact, take advantage of more domestic energy production, it could help us put more Americans back to work and help us reduce our dependency on energy from abroad and help bring down this price to one that does not break the backs of the average working families.

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

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

Mr. CORNYN. Mr. President, I have a correction. My staff told me I undercounted $14 trillion. I asked ahead of time, but we actually got the number wrong. The number I have on the chart is actually three zeros too few. So just to make sure the record is correct, that is 12 zeros after the ''14.'' That reflects our national debt. I would like to say I made the mistake and it was actually lower, but it actually is much higher, which I think reinforces my point.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, while the Senator is still here, I recall—Senator CORNYN is a member of the Budget

Committee and knowledgeable about these issues—that we have had one budget actually presented to the Senate, and that was the President's budget. It was scored by the Congressional Budget Office, which shows that under the President's budget, the debt of the United States would increase by $13 trillion in 10 years.

I do not know if the Senator is aware, but I would ask him is he aware of how much additional revenue would come to the government if the President's proposal on corporate jet taxation were to be imposed, and would that make a difference in the $13,000 trillion that would be added to the debt in the next 10 years?

Mr. CORNYN. Well, Mr. President, responding to my friend from Alabama, the number, I am advised, is roughly $3 billion in additional revenue to the Treasury, and that would be over 10 years. But, as you can see, it is a drop in the bucket when it comes to the deficit for 1 year, which is $1.5 trillion, and the national debt of $14 trillion.

I apologize, I am not used to dealing with numbers that big, which demonstrates that these numbers really have kind of lost their meaning here. I remember Everett Dirksen being quoted as saying: A million here, a million there, and pretty soon you are talking about real money.

The fact is we are not talking about millions, we are not talking about billions, we are talking about trillions. I think most people's minds have a very difficult time conceiving of how big a number that is.

Mr. SESSIONS. I thank the Senator.

Mr. President, I ask unanimous consent that I be permitted to enter into a colloquy with my Republican colleagues for up to 30 minutes.

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

Mr. SESSIONS. If Senator CORNYN could join us, we would be pleased.

Mr. President, the debt situation we are in today is the most serious our Nation has ever faced. A lot of people do not understand it and do not understand how serious it is. Even after World War II, we had growth. We had the baby boomers just coming of age, we had more young people and fewer older people, and the situation was more positive than it is today, even though we had debt after the war. That is just a fact.

I have tried to look at the creation of a budget that would balance in 10 years, bring us into balance in 10 years. It is hard to do. It absolutely can be done. It takes some real effort, but it can be done. We can do it, and we have to do it. But President Obama, during his years as President, is on track to have four consecutive trillion-dollar deficits—the highest deficit we have had previously was the $450 billion deficit that President Bush had. We have had $1.2 trillion and $1.3 trillion.

This September 30, when the fiscal year ends, it is estimated to be $1.5 trillion for 2011. We take in $2.2 trillion, we are spending $3.7 trillion, and 40 cents of every dollar we spend this year is borrowed. It is an unsustainable course.

President Obama appointed a deficit commission. He appointed Erskine Bowles, a former Chief of Staff of President Clinton, as co-chair. He also chose Alan Simpson, a former Republican Senator. They submitted a statement to the Budget Committee that this country faces the most predictable economic crisis in its history. We have to act, they told us.

They were asked when could this crisis happen. Mr. Bowles said it could happen within 2 years—not for our children and grandchildren; he said 2 years, maybe a little sooner or maybe a little later. Alan Simpson popped up and said he thought it could be 1 year; in other words, some sort of economic crisis like we had in 2007 and 2008 or something that could put our economy in a tailspin. It is that serious. The debt trajectory path we are on is unsustainable.

Tomorrow, I have to say, will mark the 800th day this Senate has not had a budget. We are borrowing 40 cents out of every dollar we spend, and we have gone this long without a budget. There is no plan, apparently, to present one. The chairman of the Budget Committee, on which I am ranking Republican, tells us he has one, and he talked to his colleagues and they have agreed on it. But it remains secret.

The Congressional Budget Act explicitly says we should have a budget by April 15. It says the committee should report a budget resolution on April 1. Well, we have not had a markup. Apparently, there is no plan to have one. We are just going to wait and see if secret negotiations can produce something. That is not acceptable at a time in which the debt is the primary threat to the health, security, and welfare of our Nation, and there is no doubt about it.

Admiral Mullen, Chairman of the Joint Chiefs of Staff, said the greatest threat to our national security is our debt. Secretary of State Hillary Clinton made a very similar statement. They are exactly right. There is no dispute about it.

We have had nothing on the floor of the Senate except a resolution saying we should tax the rich—a sense of the Senate, that has no power, no binding authority, no numbers, not how much we are going to attack the rich.

We are in serious condition. I think the American people, if they understood how little has been done in this body this year on the most important issue facing this country, would be even more dissatisfied with the U.S. Congress than they are—more dissatisfied at least with the Senate. I knew the Senator from Missouri before, who is not new to Congress. He was a Republican whip in the House of Representatives. The House has passed a budget this year—an honest budget that changes the debt trajectory of America in a solid way, and it would put us on a new path for prosperity. Everybody doesn't have to agree with everything in it, but they met their responsibility by April 15.

It is great to be here with Senator BLUNT. We are so pleased to have him in the Senate. I ask him if he would share his thoughts at this time about this situation.

Mr. BLUNT. I will. I also asked the Senator about his view of this budget situation. The Presiding Officer and I were secretaries of state together some time ago and have known each other a long time. I am glad to have him in the chair as we have this discussion.

I don't think the House, until the last Congress, ever failed to pass a budget. I am not sure the Senate didn't always pass a budget until the last Congress, though there were times when the House and Senate could not agree. But at least each side had a plan.

There is an old adage that when you fail to plan, you plan to fail. It sure looks to me that is the trajectory we are on now. Members are more and more talking about maybe we will have another continuing resolution this year. That will be the appropriations process because we have no plan. Of course, as the Senator pointed out, as a person who knows as much about the budget process as anybody in Washington, we passed the April 1 deadline, then we passed a May 1 date, and then a June 1 date, and now we passed the July 1 date. We are up to that 800th day since the Senate passed a plan or had a plan of any kind. We are waiting for a plan to move forward with the work of just funding the government. Clearly, that is not acceptable.

We see the economy continuing to wait for some signs of certainty from the Federal Government, certainty about where our budget is going to be, certainty about our tax structure, certainty about regulations and utility bills. We are just not seeing that happen. In fact, things are getting progressively worse and worse. Gas prices have almost doubled now in the last 30 months. Unemployment is up 17 percent. In fact, there is no statistic I know of that is better than it was in January of 2009.

Has the Senate, in the past, until the last 3 years—has there ever been a time when the Senate didn't even attempt to have a budget?

Mr. SESSIONS. To my knowledge, at no time since I have been here did the Senate not attempt to pass a budget. In the last 2 years, even when our Democratic colleagues had 60 votes—the largest majority in recent memory in the Senate—they only attempted to bring a budget to the floor once. Last year a budget did go to committee. It was marked up by Senator CONRAD. It came to the floor, but the majority leader decided not to bring it up. This year, it seems that Senator CONRAD was told not to have a markup, not to even produce a budget in committee.

It seems to me to indicate a lack of willingness to lead because—would the Senator not agree?—a budget sets the priorities, demonstrates the vision for the future of the country and what we should spend, what we should tax, and how much debt we can afford to run up. Those are fundamental responsibilities. How would he evaluate the fact that tomorrow we are 800 days without a budget? What does that say about the leadership we have seen in the Senate?

Mr. BLUNT. It shows we have been 800 days without a budget, and basically 800 days without any structure or process of how we spend the people's money. It has been 800 days since the last time we could come up with an appropriations process, so maybe they will suggest we will modify that a little bit and move forward. But that clearly is not good enough. In that 800 days, as the Senator pointed out, we have gone to where we are—we have added 35 percent in a little over 800 days, in 2½ years, to the Federal deficit.

This is not defending anybody else's effort to make the revenue and the expenditures of the Federal Government balance, but we can't continue to spend more than we have. If we don't have a plan, a blueprint, or if we don't have a budget like families have to have—if we don't have a budget at the very least, and we are managing our money, we write checks until the money runs out, and we can't do much more than that.

We are at a point now that we are spending $3.7 trillion or $3.8 trillion and collecting $2.2 trillion. I am like Senator CORNYN on this topic—by the way, everybody else is too, including the Secretary of the Treasury. Nobody knows how much money this is, but we all know if someone is making $22,000 a year and spending $37,000 a year, and they have already borrowed more money than anybody should have ever lent them, they can't continue to do that.

There has to be a point where they say: We are going to have to get real. We are making $22,000, so we better start spending no more than $22,000, and that includes paying off the money that we have already borrowed when we were spending $37,000.

There are so many zeros and numbers that if any of us really understood how much money we are talking about and how long it will take to pay it back, we would all be more scared than we are. Certainly, the people we work for would be more scared than they are because we are doing irresponsible things, and as irresponsible as any of those things is not having a plan.

In all those years the Senator spent on the Budget Committee and his leadership there now, he knows if we don't have a plan—the appropriations process doesn't move forward unless we agree first how much money we are going to spend in that process. So, eventually, we just go back and say: Let's go back to last year and modify slightly the terrible job we did last year, and let's borrow that much more money again.

That is not acceptable.

Mr. SESSIONS. Before the Senator shares his thoughts about the appropriations process from his extensive experience in the leadership of the Congress, just briefly, I want to make sure the American people and our colleagues know what happened.

I see our newly elected colleague from Wisconsin, Senator RON JOHNSON. He won election, you could say, in an upset—a popular, big victory. He campaigned all over his State and talked about the issues we are talking about today.

As a new Member of the Senate, I would love to hear Senator JOHNSON's comments about where he thinks we are today.

Mr. JOHNSON of Wisconsin. First of all, I thank the Senator for his leadership. He has been talking loudly and clearly about the fact that we should not have recessed this week. I know President Obama tried to claim credit for that. It is because of the Senator's leadership and the members of the Republican conference in the Senate who said: No, we are bankrupting America and we need to stay here and start debating this issue.

Unfortunately, that is not what we have been doing this week. It is sad. One word I have used all the time now that I have come to Washington is ''unbelievable.'' It is simply unbelievable that tomorrow will mark 800 days that we haven't passed a budget.

My background is in business for the last 34 years. I have had to produce budgets on time. I have had people produce budgets for me on time. In business—even a small business—it is inconceivable that if you tell a colleague to make sure to have the budget on your desk by April 15 that it wouldn't be there; 99.9 percent of those accountants and controllers would have a budget on time, on April 15.

We are dealing with the United States of America. We are talking about our financial future, the fate of America. The Democrats in the Senate have failed to meet that obligation for 2 years in a row. That is simply unbelievable, and it is so incredibly irresponsible. Really, I think the Senate has been guilty of willful neglect. The phrase I have used is that the Senate has been ''fiddling'' while America is going broke. That is sad.

As the Senator pointed out as well, what does the financial future of America rest on? Some secret talks—talks between a few individuals going out behind closed doors far from the view of the American public rather than in an orderly process where a plan is presented that can be viewed by the American public, that can be debated openly the way our Founders envisioned on the floor of this Senate, this historic floor; instead of using the process that we should have been using, what is going to happen? Are we going to have a result, a negotiated settlement drop in our laps a couple days before this deadline date? Is that what is going to happen? Is that really how the financial fate of America is going to be decided?

I personally find that process disgusting. That is why I stood last Tuesday on the floor of the Senate and said unless we start seriously addressing this problem, the bankrupting of America, in the open, in the bright light of day, I was going to begin to object. I was going to begin to withhold my consent.

I was heartened by the support I got from my Republican colleagues because, let's face it, we understand how urgent the situation is. We understand how dire our financial situation is. We are willing to sit down and work with anybody who will seriously address the fact that we are driving America toward bankruptcy. But we need a willing partner, and up to this point in time I haven't seen one.

The fact that the only plan we have seen is the President's budget, 4.25 inches thick, 2,400 pages long—how many thousands of manhours did that document take to produce? It was so unserious it would have added more than $12 trillion to our Nation's debt in the next 10 years. It would have continued the bankrupting of America. It would have made us go broke. It was so unserious, it failed in the Senate by a vote of 0–97. Not one Democratic Senator found that bill serious enough to give it a vote. That is the only plan I have seen.

I woke up this morning to a couple of news reports, and there was more detail about what the administration might plan to do fed to reporters than fed to a Member of Congress.

I am sorry to be so blunt about this, but that is a disgusting process. The American people deserve far better. I guess today what I am standing here saying is, I want to see a plan, and I want to see a budget, and I want to see it to give us enough time so we can actually analyze it and debate it and pass the real structural reforms so that we can actually solve this problem. I am calling on the President and I am calling on the Democrats in this Senate to produce that plan so we can have an open debate on it. That is kind of how I am thinking.

Mr. BLUNT. I would like to say to both Senator SESSIONS and Senator JOHNSON, who were primary leaders in this idea that we shouldn't go home, that Republicans shouldn't vote to adjourn, that you were going to object to things that didn't relate to the business we need to do, and, of course, that is right.

As Senator JOHNSON was talking, I was thinking the other deadline, the other April 15 deadline, every American had better comply with that one. It is in the law just like the one that we are supposed to comply with.

What if everybody in America decided they were going to miss their

legal deadline as well? OK, we are not going to have a budget, and we are not going to pay our taxes. Of course, they would be in trouble. The Senate is not in trouble, but the country is in trouble because the Senate is not doing its job. Neither the House nor the Senate did their jobs in the last Congress, for the first time ever. So that is how we go now into 3 years of no budget, 3 years since we had a working document that we should have to work with. That is important.

What did we do this week? The disappointment to all three of us is we said we wanted to stay this week and deal with these issues, and what did we deal with? We started out by trying to deal with a Libya resolution that apparently wasn't important enough to deal with last Thursday when we were going to take a week to be working in our States, but we will debate the Libya resolution. Then when people on the Republican side said they thought we ought to be debating the reason we were supposed to stay, we still didn't do that. We have this amendment that I think was supposed to be a sense of the Senate, and is a sense of the Senate that millionaires aren't paying enough taxes.

We all understand the politics of that, just like we understand the politics of no accelerated depreciation for business airplanes. Whenever that was done, it was done to try to create more American jobs quicker by a little more demand. I think how that works is that plane is depreciated in 5 years instead of 7 to encourage people to go ahead and buy a plane and keep people who make planes at work. But what is that $3 billion over 10 years? We are borrowing $4 billion today, and we try to have this debate as if it is about $3 billion over 10 years. We are borrowing $4 billion today, and we want to have this false debate about who is not paying their share.

We are spending too much money is the problem. The problem is not that we are not taxing enough. We are spending almost 25 percent of the capacity of the country to produce goods and services. Until the beginning of 2009, for 40 years the average was 20.6; $1 out of $5 was going to the Federal Government, not $1 out of $4.

I was asked by some reporters yesterday: Why is this so different than other times when the debt limit has been increased? You mentioned one of them earlier. One of the differences is we have added 35 percent to the debt in about 30 months—35 percent to the debt in 30 months.

Another one is the Federal Government is suffocating the economy by spending too much money. There is no money left for people to borrow and take a risk and create a job and create an opportunity for somebody else.

On the millionaire tax, 1 percent of all the taxpayers pay 38 percent of all the taxes now. Maybe we ought to get to where 1 or 2 percent just pay all the taxes. We already have 47 percent of the individuals in the country paying no income tax.

By the way, you value what you pay for. If you don't pay any income tax, you don't care about the income tax as much as if you did. So there aren't as many people out there fighting excessive taxation because they have less of a stake in it. But 1 percent of the people in the country already pay 38 percent of the income taxes, and 10 percent pay 70 percent. Maybe we just ought to let that 10 percent pay 100 percent. I guess that would get all the millionaires and billionaires.

And, oh, I remember the tax. Do you remember the millionaires' tax, but only like 155 people would pay or something? It was the alternative minimum tax; 155 people were going to pay that millionaire tax, and now some huge percentage of all Americans pay it because, eventually, once we start down this path, everybody is impacted by higher tax rates.

The frustration of being here and not doing anything all week—we had one vote to compel the Members who didn't come, to come to the Senate, and another vote was cloture on a bill that doesn't matter. The frustration of your leadership and then that result is pretty incredible to me.

But thanks to both Senators for insisting for weeks before last week that we should stay and have a discussion, a debate, a vote on the things that matter. I am sorry that we didn't have that, particularly based on the intensity on the part of both Senators of insisting that we have that kind of debate this week, and we didn't have it.

Mr. JOHNSON of Wisconsin. I would like to pick up on Senator BLUNT's point about just how unserious this week has been.

Just in comparison to business, about 5 years ago I bought a business out of bankruptcy. I watched those business owners over the course of 2 or 3 years struggle to make a go of that business. You would not believe the number of hours those people, those hard-working Americans put in to save that business. It didn't work. They went into reorganization under the bankruptcy laws. I bought that business out of bankruptcy. I saw how incredibly hard my team worked to make that business survive, and it did survive. These are individuals putting in 16, 17, 18, 20 hours a day to make a product, to build a good life for themselves and their families, to provide employment, jobs.

This is the American spirit. That is the entrepreneurial spirit. That is what Americans do day in and day out, whether they own a business or whether they contribute their effort: their labor to make their business successful, the one they work for successful. That is what Americans do.

What has this President done? What has this Congress done? What has this Senate done?

In the last 6 months since I have been here, we passed six laws, six bills that have become law. Three of those had to do with the continuing resolutions of last year's business: funding the government for this year. Those were laws that should have been passed 1 year ago, but it was left over for us to do that.

We had two bills to extend the PATRIOT Act. If we take a look at how that was even done, it was last minute, rush-rush, very little time for debate. We couldn't even get amendments in there.

Then, of course, the other one is we kind of cleaned up a little bit a little part of the health care law that dealt with 1099s, which would have been a nightmare. It would have cost billions of dollars to comply with and not brought in any revenue. So we finally got that off the books, thankfully.

The other bills we have debated, we spent 16 weeks debating three bills. The total dollar amount of those bills is $20 billion. That is about ½ percent of what this Federal Government will spend this year. So we have spent 16 weeks debating ½ percent of our $3.6-trillion-a-year budget. That, in my mind, is the definition of being not serious.

Of course, we have said it has been 799—tomorrow it will be 800—days since we actually passed a budget. This week we spent 15 hours of debate. We call it a sense-of-the-Senate resolution? It should be called the nonsense of the Senate. That is what has been occurring this week, and it is a tragedy. It is a tragedy.

But, again, that is why I stood up and started to object. I will continue to do that until we actually start getting serious, until we actually see a plan, a budget that we can start debating.

Mr. SESSIONS. Well, let me just note that we had a sense-of-the-Senate resolution on the floor, and we had a cloture vote on it that I think everybody voted to go to the bill. That is what the leader wanted to do. We go to the bill. But it is really nothing because if it passes it has no impact and makes no change whatsoever. It basically says we should tax the rich more.

Well, we can debate these issues, but I will just note that the Organization for Economic Cooperation and Development, OECD, which is an organization for the development of world businesses has concluded that the United States has the most progressive tax system in the world. We always thought the Europeans were more hostile to wealth and more socialistic than we were, but that is their analysis.

As Senator BLUNT said, how much more do we want them to pay? Maybe they should pay more. Let's debate it and let's talk about it. But that is not going to fix our problems.

Senator JOHNSON was a successful businessman, an accountant. I have seen his work. I am so glad he is on the Budget Committee. I guess he and Senator ENZI are the only accountants around here, and we are glad the Senator is here. I have seen his work.

He actually adds up numbers and makes spending charts. He showed me one this morning, trying to figure out a way to change America.

But my first question is—the Senator was a successful businessman and he had never been a politician before, so why did the Senator run?

Mr. JOHNSON of Wisconsin. Well, the reason I ran is because we are bankrupting the Nation. I love America. We love America. When I watch what is happening, and when I saw how broken Washington was, when I saw them pass the health care law, from my standpoint that was the straw that broke the camel's back.

Our first child, my daughter Carey, was born with a very serious congenital heart defect. Dedicated doctors and surgeons saved her life the first day. Then 8 months later, when her heart was the size of a plum, another dedicated surgical team of dedicated professionals totally reconstructed the upper chamber of her heart. Her heart operates backwards now. But she is 28 years old, and she is a nurse herself in a neonatal intensive care unit.

When I heard President Obama say these doctors, that they will take out a set of tonsils for a few extra bucks, I found that outrageous. Then when this Congress and this President signed the health care law, I know the result of that. It is designed to lead to a government takeover of our health care system.

All we have to do is take a look at Canada and Britain. We don't have to theorize what that is going to result in. It will lower the quality of care. It will result in rationing, and the medical innovation to save my daughter's life and millions of others—it really is America where medical miracles are created. I think that innovation is going to come to a grinding halt.

So that is just the quality aspect of the health care bill, but it is going to destroy our budget.

I wrote a piece with Douglas Holtz-Eakin, ex-CBO Director. Rather than $93 billion a year, when this bill kicks in, as it is designed to do, and a large percentage of Americans lose their health care employer coverage and get dumped into the exchanges, we are talking about a $½ trillion or maybe $900 billion.

I see we are running out of time, but that is why I ran, because we are bankrupting America.

The ACTING PRESIDENT pro tempore. The Senators have used 30 minutes.

Mr. SESSIONS. I ask unanimous consent that I be given 1 additional minute.

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

Mr. SESSIONS. Mr. President, I just want to say we have in this colloquy Senator BLUNT, who was the second ranking Republican leader in the House and who has dealt with these issues for many years. We are so glad to have him in the Senate—and Senator JOHNSON, a new Senator, passionate and concerned about the future of America, both of them. I think the American people should be proud of the service they have rendered.

We have to change. I believe we can, and we are going to keep fighting toward that end.

I yield the floor.

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

Mr. BROWN of Ohio. Mr. President, I appreciate the Presiding Officer recognizing me. I kind of switched places with him earlier. I was in the chair and listened to some comments from a number of Senators on the other side of the aisle. I did not come to the floor to talk about this, but I just cannot help myself sometimes.

I heard these comparisons. When they talked about the economy, it all started January 20 of 2009, and they compared that day with today. What they left out of that picture is when Barack Obama became President, this economy was going like this. It was not like: He is President. Now things will get better. The 30 days after he was sworn in on January 20, 2009, we lost 700,000 jobs in this country. The next 30 days we lost somewhere in excess of, I believe, 600,000 jobs.

The point is, what happened for the first several months, almost before President Obama could take a breath, before Congress, the House and Senate, controlled by Democrats then, could actually put a program in place and put policies in place that would respond to this terrible economy bequeathed to them and to us by this sort of Republican economic policy. The Republican economic policy was tax cuts for the rich, two wars not paid for, a giveaway to the drug and insurance industry, a bailout to the drug and insurance industry in the name of Medicare privatization, privatization/deregulation of Wall Street, and tax cuts that went overwhelmingly to the richest Americans. That is what got us into this.

For them to say look at the number of jobs today, look at the number of jobs in January, 2009—they know that is a specious argument. They are disingenuous. They are not especially honest when they make that argument.

The fact is, we have seen in the last 14 months—and I wish it were better. I went to Barberton, OH, this week and was at a plant expansion with 30 jobs. It is not enough, I wish it were 300. It is an Alcoa plant. They are hiring people. They are paying OK wages. I wish they were paying better wages. I wish they could hire more people. But we are seeing progress.

In the last 14 months—they forgot to tell us this—we are seeing job growth every month, including manufacturing job growth, the lifeblood of the economy in my State. We are the third leading manufacturing State, only behind the States of Senator CORNYN and Senator BOXER and Senator FEINSTEIN in the number of manufacturing jobs and their output.

The point is, let's be honest when we have this discussion. We know our policies are not working as fast as we would like. But we know what their policies brought us—21 million private sector jobs created during the 8 years of Bill Clinton; then when they put in the Bush economic policies: tax cuts for the wealthy, twice; two wars, not paying for them; partial privatization of Medicare; deregulation of Wall Street—1 million private sector jobs created in 8 years; 21 million versus 1 million. Tell that story too.

I am not saying we have every answer—we don't—but we are making progress in spite of their saying no to everything we are trying to do.

We have to look at the future. The biggest problem we have in this country is the decline of the middle class and we have to address that. That is why I came to the floor, because even though we are in the midst of this budget debate as everyone is talking about, the focus has to stay on jobs creation. It has to be: How do we create jobs in this country?

One way not to create jobs is what Senator CASEY talked about an hour or so ago, and that would be three new trade agreements that too many people on both sides of the aisle want to foist on the American people.

This morning, the Senate Finance Committee and House Ways and Means Committee were both having what are called mock markups of free-trade deals with three countries: South Korea in Asia, Colombia and Panama in our hemisphere.

The Senate Finance committee is including trade adjustment assistance. The House does not even care to take care of workers who lose their jobs because of these trade agreements. They are expendable. They are a bunch of 50-year-olds who do not have much education and, if they lose their jobs, who cares? That is what they are saying in the House Ways and Means Committee. We will pass this legislation. When people lose their jobs, there is nothing we can do to help them. But there is, and we have had something called trade adjustment assistance for 50 years and it has been bipartisan, until this group of radicals who run the House of Representatives decided we don't want trade assistance adjustment anymore.

In the last decade alone, 6 million manufacturing jobs, 55,000 manufacturing plants have been lost.

Multinational companies are too easily setting up companies overseas and exporting products back into the U.S. market. Is there any time in world history where the most compelling business plan for a company is shut down what they do in their home country, move production far away to another country where they have lower wages, fewer regulations, a government that is not exactly free, make those products there, and sell them back to the home

country? This business plan that so many American companies follow is move production overseas where they can get cheap labor and weak regulations in a totalitarian government and then sell the products back to the home country. That is a business plan that far too many American companies have, obviously, followed.

Manufacturing now accounts for less than 10 percent of employment in our country. That is partly because of NAFTA, partly because of the CAFTA, partly because of the China permanent normal trade relations. They only accelerate our decline and the country pays for it today. The public has heard promises of job creation from trade deals before—every single time: NAFTA would create this many jobs, CAFTA would create this many jobs, PNTR would mean more prosperity and jobs for Americans.

The Korean deal is more of the same. The International Trade Commission projects the Korean Free Trade Agreement would increase the U.S. trade deficit. The Economic Policy Institute estimates the loss of at least 150,000 jobs from this agreement. The Korea pact has unusually low rules of origin, allowing manufactured goods containing up to 65 percent of components from China or any other country to obtain the benefits of the agreement.

What happens is a company in Seoul, South Korea—after this trade agreement would pass, if it does—would contract with the Chinese; 65 percent of the product would come from China, be sold into South Korea, South Korea puts its value added on it, sends it to the United States duty free, tariff free, even though 65 percent of it was made in China.

Pundits and the editorial boards say agreements such as these are no-brainers. They say trade adjustment assistance is just a payoff to workers for passing more job-killing trade agreements. The Washington Post editorial board—always a creative thinker of the future and wrong in their predictions on war, wrong in their predictions on trade, wrong in their predictions on labor law, but nonetheless the Washington Post editorial board called TAA a consolation prize.

Once again, they get it wrong. Not many editorial writers in the Washington Post, frankly, have lost their jobs in trade agreements. They don't seem all that interested in people in Steubenville and Lima and Zanesville who actually have lost their jobs because of these trade agreements which the Washington Post editorial board always supports.

We need to focus on retraining workers who are displaced because of past free-trade deals. But even this historically bipartisan program, as I said earlier, is suddenly becoming controversial. It was operated through numerous administrations, supported by Republicans and Democrats alike, and ensures workers who lose their jobs and financial security as a result of globalization have an opportunity to transition to new jobs in emerging sectors of the economy. It helps retrain workers for new opportunities.

In the 2010 fiscal year alone, more than 225,000 workers participated in the TAA program, receiving training for jobs employers are looking to fill. It is common sense. Senator CASEY stood on this floor—he in that row, I in this row—and asked repeatedly for his colleagues to extend this vital job training program. Under the rules of the Senate, one of them stands and objects, time and time again. We did get a 6-week extension, but since mid-February, this part of trade adjustment assistance is simply not available to so many people in New Mexico and in Ohio and in Pennsylvania and across the country.

Senator CASEY and I introduced the TAA bill last week that would extend TAA for 5 years. We paid for it. We know it is no panacea for bad trade agreements. It is not the price workers in my State want to pay while Congress passes more trade deals. We must stand for workers before even considering new trade agreements. We must focus on real job creation. A big part of that is standing against China's unfair currency regime that they have inflicted on this world trade regimen for a number of years.

With our trade deficit, also comes trading partners manipulating their currency to undermine our manufacturers. They have repeatedly found ways to circumvent trade laws to gain an unfair advantage. In 2010, our trade deficit was $634 billion. That means every single day, 7 days a week, 52 weeks a year—every single day we buy more than $1.5 billion more in goods than they sell internationally.

With China, our trade deficit was $273 billion. That means several hundred million dollars every day we purchase from China more than we sell to China, every single day.

President Bush once said that a $1 billion trade surplus or a $1 billion trade deficit translates into 13,000 jobs. Think about that. If we have a trade deficit of $1 billion, according to President Bush—these are not my numbers—both President Bushes, by and large, supported both of these trade agreements—by and large, we lost 13,000 jobs, mostly manufacturing, in Indiana and Ohio and New Mexico and around the country.

Do the math. If our trade deficit is $200 billion with China, we know what that means.

Ten years ago, our trade deficit in goods with China was $68 billion. These geniuses who come up with these trade agreements, supported by the editorial boards, supported by Harvard economists, supported by Presidents, supported by pundits who are in Washington and probably do not get outside of Washington much—we had a $68 billion trade deficit with China when the most effective corporate lobbyists in the history of the world came to this institution, came to the House and Senate, and sold a majority of House and Senate Members that PNTR with China was a good idea. We had a $68 billion trade deficit with China then. Now it is $273 billion. They told us: We are going to sell more goods. We are going to do better with our deals with China when we have this.

In the last couple minutes, I would point out Senator SNOWE and I proposed bipartisan currency reform for the Fair Trade Act to ensure our trade deficit is not further increased when countries such as China manipulate their currency to make their exports less expensive so they can break into our market and keep us out of their market. The legislation passed overwhelmingly in the House last year. Our bill would strengthen countervailing duty laws to consider undervalued currency as an unfair trade subsidy in determining duty rates.

When an Ohio industry such as coated paper in Hamilton, OH, or steel in Lorain or aluminum in Sidney, when they petition the International Trade Commission for relief against unfair subsidies, they can talk about—include in that petition—the charge of currency manipulation. The bill sends a signal to our trading partners we are not going to sit there while countries gain the unfair advantage over Americans workers and businesses. Before pursuing more free-trade agreements, lets focus on enforcement and focus on addressing currency manipulation. Let's level the playing field so we can fight back and stop this terrible hemorrhaging of American manufacturing jobs.

I yield the floor.

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

Mr. COATS. Mr. President, today Congressional leadership on both sides of the aisle is meeting with the President to try to break the current impasse on the debt talks. As the President said in a press conference earlier this week: ''Right now, we've got a unique opportunity to do something big.'' I completely agree with that statement. I am glad and pleased that, finally, after months of concern and months of urging, we are dealing with this impending debt crisis.

Time is running out. The leadership is now meeting. We will be getting reports on what has come from this meeting. I was encouraged by initial reports today indicating the President has agreed to address the issue of entitlement spending as well as defining the amount of spending cuts that are necessary to put together a credible plan that move our country into a better financial position.

I have been discussing the necessity of a comprehensive solution to our problem ever since day one of this session and my return to the Senate, and I've indicated that the current process of spending way beyond our means simply cannot be maintained and sustained and that we have to address it—

not after 2012 but we need to address it now. So I am encouraged by the talks that are now going on, and that are beginning to incorporate the elements of a growing consensus, if not almost total consensus, that exists and is necessary for this initiative to be successful, for it to be deemed credible, and for it to avoid the potentially catastrophic consequences of defaulting on our debt and losing our credibility as the place to invest your money for the best safety you can get.

I don't have to go through the math again, but I will just briefly. Spending $3.7 trillion a year when you are only taking in $2.2 trillion a year is unsustainable and is driving us toward the cliff of bankruptcy—an inability to pay our debts. A big driver of that and the biggest driver of that debt is clearly the mandatory spending that comes with entitlements.

It is no secret that we have seen the baby boom generation move through the economy from birth now to retirement. The programs that were put in place and the promises that were made in terms of benefits to those beneficiaries are not going to be available if we don't address the pending bankruptcy of these programs. Those who have analyzed this have basically said: Look, you have to do something now to keep these programs from going broke in the future.

So all of those who say, don't touch my Medicare, don't touch my Social Security, don't do anything, they are essentially saying we are willing to ride it out for 2 or 3 more years and then see the whole thing collapse. Then there are those of us who are saying, let's do something sensible and rational now—not taking away any benefits from current beneficiaries, by the way, but doing something to preserve these programs in the future is absolutely essential. We are trying to save Social Security, we are trying to save Medicare, and we are trying to do the kinds of things that are necessary with our mandatory spending to address the total imbalance in place that is driving these programs into insolvency.

I would hope today that what we hear back from this meeting at the White House is a commitment to go forward with a comprehensive approach including necessary cuts, the elimination of duplications of programs, redundancies, fraud and abuse—things we simply cannot afford anymore—combined with addressing mandatory spending and entitlements in a responsible way, and the mandatory spending, putting the right enforcement mechanisms in place so we don't renege on our commitments, and also incorporating comprehensive tax reform.

For months, the focus has been on cutting spending and tax increases. I think another growing consensus is that without comprehensive tax reform, we are not going to be able to address and solve this problem. I believe the administration has also begun to recognize this and acknowledge that comprehensive tax reform is necessary.

Yesterday, Senator WYDEN and I sent a letter to President Obama and to the congressional leaders who are participating in today's debt ceiling talks urging them to include a timeline for comprehensive tax reform.

The bill Senator WYDEN and former Senator Gregg put together after 2 painstaking years of negotiations—which I have joined now in Senator Gregg's place after he retired from the Senate, after we made some modifications to the original bill—is a bipartisan effort to deal with comprehensive tax reform. We need to go after the 10,000 special breaks and interests and credits and exceptions that exist and take the savings from that to lower rates and make the private sector more competitive, which we know will bring about growth and ultimately jobs for the American people.

The President's Commission on Fiscal Responsibility and Reform found that resolving the Nation's debt crisis demands comprehensive, structural change, including, they said, tax reform. There is no better way to raise revenue and reduce the deficit than by growing the economy and putting Americans back to work. If done right, tax reform will create those good-paying jobs and provide businesses and families with the certainty they need to plan for the future.

Any revenues raised by closing tax loopholes should be part of a comprehensive plan that reduces tax rates for American families and businesses and creates jobs. I want to repeat that. The whole purpose of this is to take those special interests and exemptions that have been incorporated into the Tax Code over a 15-, 20-year period of time, which now total 10,000 special exemptions, to take a selective portion of that and a significant portion of that and eliminate or reduce those to gain the revenues, allowing us to reduce tax rates on American families and on American businesses so that those businesses can be more competitive and those families will have more discretionary spending.

Our businesses currently rank 35 out of 36 in terms of the highest corporate tax rates imposed—some of the highest in the world. We compete around the world with those countries that are producing the same products, yet their tax rates are significantly lower than ours, and that puts us at a competitive disadvantage. We can make the best products in the world and we can outsell anybody in the world if we put our companies and our businesses on a level playing field. The whole structure and purpose behind the Wyden-Coats tax reform bill is to do just that—to put us on a competitive basis with our competitors by lowering rates and gaining the revenue to pay for our debt.

We know this won't be easy, and we know it requires Democrats and Republicans to work together to take on the special interests that currently benefit from the broken tax system. We know that right now that seems very difficult and very challenging, but it has been done before. We had tax reform in 1986 that stimulated the economy in ways no stimulus had ever done before. It brought in significant additional revenues to the Treasury and put Americans back to work.

This is a bipartisan bill—a Democrat from Oregon and a Republican from Indiana—have joined forces on this. We want to signal that this is something that can be done aside from political gotchas, aside from political gain for the 2012 election, and something we can work together on that will make a commitment to a substantial portion of the necessary action that needs to be taking place to deal with this pending debt crisis and deficit crisis that has to be resolved by August 2 or close to that. Some say it can't be done in the time that is left. Well, we are in extraordinary times, and I think we have to set aside the conventional thinking and work toward what can and must be done.

To the extent it can't be fully incorporated into the law, at the very least, I believe the package we are ultimately going to be voting on needs a rock-hard, firm commitment and instructions to the tax-writing committees that this must be done and presented to the Congress in this session so we can address it and so we eliminate the uncertainty on whether we are going to go forward. It needs an enforcement backup mechanism so that if Congress doesn't act in a timely manner, there will be an automatic process in place that presents this to us for a vote.

We have a unique opportunity to do something big, to quote the President again. I commend him for saying that, and I commend him for coming forward and saying we will get off this cut-only, tax-only stalemate by beginning to address this on a comprehensive basis and put in place those elements we all know are necessary to achieve success. It will require the House and the Senate and the White House to cast aside political posturing in the 2012 elections, to transcend the politics, to do what is necessary for the future of America, for the future of Americans, to do what is necessary to get our finances and our economy moving again and to get people back to work. We need to transcend that and do what is right for the future of our country.

I hope we have taken a positive step in that direction today. I look forward to participating, as I know all of us do, in that process and hopefully assuring the American people and assuring the world that America is not at a stalemate, that America can address a challenge—a big challenge—and we can come forward with a sensible solution that puts us on the path to prosperity and guarantees a better future for our children and grandchildren.

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

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

The legislative clerk proceeded to call the roll.

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

Mr. UDALL of Colorado. 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.

Mr. UDALL of Colorado. Mr. President, I understand we are debating a specific resolution. I ask unanimous consent to speak as in morning business for 10 minutes.

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

NASA

Mr. UDALL of Colorado. Mr. President, I rise today to recognize NASA's STS–135 mission. As the Presiding Officer knows, at approximately 11:30 a.m. tomorrow, Space Shuttle *Atlantis* is scheduled to lift off from the Kennedy Space Center in Florida with a crew of four on board. The 12-day mission will deliver supplies, logistics, and spare parts to the International Space Station. This will be the final mission of the space shuttle era that began just over 30 years ago.

A Senator from Colorado may not seem like the most likely person to come to the floor today to speak about the space shuttle, but NASA and space exploration actually have quite a bit to do with Colorado, and it is something I care deeply about.

Colorado has one of the three top aerospace economies in the country, with a hand in every aspect of space—government, commercial and academic, civil and military. We helped develop the space shuttle and many of the missions that flew on it, and we are playing a major role in the development of the shuttle's successors.

NASA has been a source of pride for all Americans from its very beginnings. We have cheered their triumphs and suffered with them during their tragedies. All the while, we have been inspired by their mission of exploration.

The shuttle era is no exception. Ever since the first launch in April of 1981, the names of the space shuttles—the *Columbia*, *Challenger*, *Discovery*, *Atlantis*, and *Endeavour*—have become familiar to even casual observers. This is a testament to the vehicle itself and those behind it.

I would like to acknowledge all of those who have flown on the shuttle, the thousands of unseen heroes at NASA who support them, and the contractors at too many companies to name who make it all possible. Flying the shuttle is a true team effort. Everyone who has been a part of that team should be proud of what they have accomplished.

I see my colleague from Florida across the Chamber, and I know he is also very aware that this has been a team effort across the board.

I know I would be remiss at this point if I didn't mention those who paid the ultimate price for their service. We will never forget the images of the horrible tragedies that befell the shuttle, one occurring merely seconds after leaving the pull of Earth's gravity, the other just minutes away from being home again. We will always remember the crews of the Space Shuttles *Challenger* and *Columbia*.

This milestone in the history of space flight forces us to reflect on what we have learned and where we are going. America is now in the unenviable position of having no U.S.-derived means of sending humans into space, including to vital assets like the International Space Station. For the near future, we will have to rely on our international partners, namely Russia. But that position will change. It must change, I would add. NASA is developing a successor to the shuttle based on important work done during the Constellation Program, and the burgeoning commercial sector is literally changing the way we access space as we speak. These complementary development tracks will build a more robust space exploration enterprise.

As the Presiding Officer knows, I have an interest in climbing mountains, as does he, and I have had the great good fortune to stand on the top of some of the world's highest mountains. I believe it is in our nature as humans to explore and understand the world around us, to keep stretching to achieve goals just beyond our grasp.

The shuttle has allowed us to reach farther than many ever dreamed possible. But the end of the shuttle era is by no means the end of exploration. At its heart, NASA is not about parts, it is about people. Even after the shuttle assumes its rightful place in history, legions of engineers, scientists, pilots, and other adventurers will carry its mission forward into the next phase of exploration. Keeping that spirit intact will be a fitting tribute to the space shuttle.

I wish the crew of STS–135 a smooth and productive journey and, above all, a safe return.

Before I yield the floor, I wish to add an additional note. In Colorado, of course, we have 54 mountains that are over 14,000 feet. We have countless peaks below that lofty elevation. But among the 100 highest peaks in Colorado, we have Columbia Point, which is named to commemorate the astronauts and the mission that ended tragically. We also have Challenger Point. Both peaks are in the top 100, both peaks are linked by a high ridge, and in the middle of that high ridge is Kit Carson Peak which is a 14,000-foot mountain. I have had the good fortune to stand on the summit of both of those peaks, most recently Columbia Peak in April, and the view is one that is worthy of us as Americans. As we go forward, let's remember the great successes of the shuttle program and build on them as we move forward as Americans exploring the world and exploring the universe.

I know my colleague from Florida shares those sentiments. I don't know that he is on the floor to speak on this particular topic, but I look forward to working with him, given the importance of the space industry and the space mission in the great State of Florida.

With that, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. RUBIO. Mr. President, I ask unanimous consent to be recognized for up to 15 minutes.

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

Mr. RUBIO. Mr. President, I thank my colleague, the distinguished Senator from Colorado, as I pick up where he left off on the space program.

Thirty years ago, the United States launched the first space shuttle mission from Kennedy Space Center in Florida.

It marked a new era of American leadership in space and showed, once again, that Americans would continue to be committed to being first in space and on the cutting edge of scientific progress to improve our lives.

It also showed what free people—committed to discovery, to innovation, to improving the lives of their fellow man—can accomplish.

President Ronald Reagan said it best when he kicked off the space station program in 1984 . . . ''We are first; we are the best; and we are so because we're free.''

Over these 30 years, we have been witness to many heroic triumphs in space that have served as a testament to America's unparalleled ingenuity and imagination.

Over time, the shuttle program would make household names out of some. Sally Ride became the first American woman to travel into space. One shuttle alum even serves with us in the Senate today—our colleague, BILL NELSON.

Of course, space exploration has always entailed risk-taking. It has always required putting one's life on the line. And because of this, the space shuttle program's history also gave us moments of great pain as we lost Christa McAuliffe and the *Challenger* crew in 1986, and the *Columbia* crew in 2003.

Each time these tragedies forced us to ask ourselves: Is space exploration worth it?

And thank God, time and time again, America answered with an emphatic: Yes.

Today, on this eve of the final space shuttle launch, we celebrate the shuttle program's remarkable feats, which exhibited many of the qualities that make America exceptional—courage, ingenuity, risk-taking, and an ability to accomplish what once seemed unthinkable.

Space exploration speaks volumes about America—who we are as a people and a nation.

When America was born 235 years ago, surely our Founding Fathers could not fathom that one day our people would fly among the stars. But the truth is, it has always been our destiny.

In the 19th century, it became our manifest destiny to explore and push westward until the American land stretched from sea to shining sea. And once we reached as far west as we could, Americans had no choice but to gaze up to the sky and settle on the stars as our next frontier.

Almost 42 years ago to the day, Neil Armstrong, Buzz Aldrin and Mike Collins made that giant leap for mankind and left their indelible footprints on the Moon's surface and on human history. And on that night in July of 1969, the whole world witnessed the American miracle firsthand.

Even today, that moment serves as a poignant reminder about the limitless capacity that Americans possess in space and every aspect of our lives.

Even as we face a host of domestic and international challenges, America possesses a remarkable capacity to meet them by setting ambitious goals as President Kennedy did in his Moon speech, persevering in the face of setbacks and rising to the occasion to do what history demands of us.

Our space program inspired younger generations of Americans to pursue careers in the aerospace industry and other related fields. Satellite technologies developed and improved by NASA now connect the world in unprecedented ways, support our military's reconnaissance efforts, and facilitate travel through GPS devices.

For others, it got them hooked on math and science, and led them to other fields whose innovations make our lives better every day.

And then there were the lucky few who would actually go on to fly our space shuttles.

For the rest of us who did not pursue careers in science, math and engineering, our journeys into space have meant a lot—in different ways.

For many of us, Kennedy Space Center elicits memories as the place where imaginations are awakened and where dreams have been born.

And it is also where many children think fondly to their visits for field trips or space camps, and, in my case, of the time my parents took me there for my eighth birthday party before we moved to Las Vegas.

But these types of feelings did not just happen in America. The impact of our space program is a global phenomenon.

One needs to look no further than the various foreign currencies in the donation box at Washington's National Air and Space Museum to understand what our space program means not only for Florida and our country but for all of humanity.

This brings me to my other reason for speaking today.

When this final shuttle mission draws to a close, many Americans will be startled by the realization that we don't have an answer to the question: What is next for NASA?

NASA has no answer. President Obama has no answer. And as we transition to the next generation of space exploration, Florida's aerospace workers are left with only questions about their future.

We know that for the next few years, we will have to rely on the Russians to get to space.

Just a few weeks ago, that only cost $50 million an astronaut. Now the price tag is up to $63 million per astronaut. We can only imagine it will go higher.

Whereas America once led the way to the Moon, we now face the unacceptable prospect of limited options to simply get a human into orbit.

We know that our commercial space partners are working to fill some of the gap in our human spaceflight capabilities. But we need NASA to lead.

And, as I say this, I fully recognize that our Nation faces a debt crisis because politicians in both parties have spent recklessly for many decades. It will require Washington to finally live within its means and for leaders to make tough choices about what our Nation's priorities are. NASA is no exception. It will not be about spending more—it will be about spending wisely.

Tomorrow, Americans will proudly watch as Atlantis takes off for its last flight. It will be a poignant opportunity to recall the entire 30-year history of the shuttle program and all that has been achieved in 50 years of NASA's existence.

And it will be another opportunity to thank the thousands of men and women in Florida who have made this program possible and who take such pride in the shuttle and what it has accomplished.

For NASA, just like our Nation, is at its best when it is looking forward, not looking back.

Mr. President, may I inquire of the Chair what my remaining time is?

The ACTING PRESIDENT pro tempore. In postcloture status, the Senator has 53 minutes remaining. So 8 minutes of the 15 minutes is remaining.

Mr. RUBIO. Fifty-three sounded like too much, even for a Senator.

I briefly wish to use the second half of my time to talk about the issue of the day and that is the issue that is being discussed here in town about the debt—an important issue. It is happening at a time when many Americans from all across the country are traveling here on their vacations to show their children and their families how government works—or maybe in the case of this issue, how government does not work—in any event, how our Republic is trying to work its way through this issue, an important one.

I know that a few moments ago there was a meeting at the White House that concluded, and we wait with great anticipation—I see my colleague, the Senator from Illinois, has arrived and perhaps he will update us here on the floor in a few moments. But we are all interested in this issue because it goes well beyond partisanship or party politics; it is about the future of our country.

I think there is growing consensus on some of the outlines of what it will take to solve this issue. I think it will take two things, because I have heard this terminology we use about a balanced approach. It will take two things. First, it will take reductions in spending and it will take cuts, but we cannot simply cut our way out of this process. We must also grow our way out of this process.

My point is there is no way we can simply reduce spending enough to get America out of the predicament it is facing. We must also grow our economy at the same time. And growing our economy leads us to the No. 1 issue facing our country. For America, for the government, for us here in Washington, the national debt is the No. 1 issue on our minds, and rightfully so. It is a serious issue. But for the rest of our country, the No. 1 issue is joblessness. It is the fact that people are struggling to find a job.

These people did everything that was asked of them. They went to school, got a degree, worked hard, and now they have lost their job and their homes. If they did find a job, maybe they are making half as much and working twice as long. So we have to grow our economy. The logic behind it is very straightforward. If we have more people working, we have more people paying into our tax system. If we have more people paying into our tax system, that is more money available for our government to pay down its debt.

So I want to focus on the growth aspect and what we can do to grow our economy and help job creators create jobs. Don't ask the politicians, ask the job creators. They will tell us there are two things standing in the way of job creation in America. No. 1 is a broken Tax Code that is uncertain, complicated, difficult to navigate and, in many instances, unaffordable for them. No. 2, it is runaway regulations. So any deal that deals with the debt in a serious way has to encompass growth policies that involve, in my mind, both regulatory reform and tax reform. I hope that is what they are working toward—tax reform. Because what we need in America is not more taxes, we need more taxpayers.

The other part of the deal, of course, is going to have to involve some spending reductions. That is why I proudly stood with my colleagues to point out three things we have to clearly do to bring it under control. The first is we have to reduce spending this year. Obviously, we can't solve the budget deficit and debt in 1 year, but we have to begin to address it this year, so meaningful cuts this year.

The second thing we need to do is a spending cap that limits the amount of money this government can spend in

the future or the growth in the amount of money the government can spend in the future. Our government should not grow faster than our economy.

Finally, we need some sort of balanced budget amendment.

To top it all off, we have to save Social Security and Medicare. I was encouraged this morning to read that the President is interested in this issue. It is important. It is not about balancing the budget on the backs of anyone. It is about saving Social Security and Medicare so that there will never have to be benefit reductions for current beneficiaries, and so that these programs exist for me when I retire and for my children when they retire, and so they will never grow insolvent.

With that, I yield the floor, and I note the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BLUMENTHAL). Without objection, it is so ordered.

Mr. FRANKEN. Mr. President, I ask unanimous consent to speak as in morning business.

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

Mr. FRANKEN. Mr. President, I rise today to talk about our debt crisis, our short-term debt crisis and our long-term debt crisis. I come here today to discuss ways to address them and ways not to address them.

Our most immediate debt crisis is now upon us. In order to maintain the full faith and credit of the U.S. Government, Congress will have to vote to raise the debt ceiling within a matter of weeks. This is something Congress has done as a matter of course many times over the years as our national debt has grown.

Let us be clear about what exactly it means to raise the debt ceiling and why it is necessary. As a nation, we have accumulated $14.3 trillion in debt. This in and of itself is a very bad and dangerous thing. That means our national debt is currently 93 percent of our gross national product. Again, this is a very bad and dangerous thing. We have been in this situation before. Actually, it has been worse. After World War II, our national debt was at 121.7 percent of our gross national product. We certainly had something to show for it. We had won World War II.

Through the 1940s, 1950s, 1960s, and 1970s, we worked our way to a point where our national debt fell to 32.5 percent of GDP in 1981. We did this through a combination of growth and some inflation. Our debt was in pretty good shape until we hit the 1980s, during which we quadrupled our national debt under Presidents Ronald Reagan and George H.W. Bush.

We have hashed over time and again who is to blame for the situation we find ourselves in. But let me leave that alone for the moment and get back to what it means to raise the debt ceiling. As I said, our debt currently stands at $14.3 trillion. I think we can agree on this: That number reflects past choices, not current ones.

The debt ceiling also stands at $14.3 trillion. We have to raise the debt ceiling because we as a nation have certain obligations we must meet. We have to pay for the wars we are currently engaged in. We have obligations to veterans who have served our Nation. We have obligations to have the dedicated men and women at FEMA who have been responding to the many floods and fires our Nation has been facing.

We have obligations to seniors who have paid into Social Security all their working lives and have a right to expect a check every month of their retirement.

We have obligations under Medicare, not just to seniors, who again have paid in, but to clinics and hospitals and health care providers and to those who supply medicine and medical equipment.

We have contractual obligations of all kinds to many different businesses, whether they are building roads or water towers or providing IT services to the VA or the Park Service or the Senate. I think almost everyone would agree it is good to have guards in our Federal prisons, except maybe the prisoners. The list of obligations goes on and on, and one of our most fundamental obligations is to pay principal and interest to bondholders who have invested in what has been for decades and decades considered the safest investment in the world: the U.S. Treasury bond.

Currently, we simply are not taking in enough revenues to meet all these obligations, so we must borrow more. Of course, we must pay interest on our debt, at an interest rate that is now actually quite low.

The surest way to increase the interest on our debt would be to default on our debt obligations. And make no mistake, that is exactly what will happen if we fail to raise the debt ceiling. Even an increase in interest rates of just 1 percent would add $1.3 trillion to our interest payments over the next decade. So, as you can see, defaulting on our debt to make a point about the seriousness of our current position would, to say the least, be counterproductive. Yet some of my colleagues are willing to do just that, and that is irresponsible.

As to the notion that bondholders could be paid while other obligations were postponed, Scott Elmendorf, Chair of the Congressional Budget Office, said:

> Defaulting on any government obligation is a dangerous gamble.

We are not absolutely certain what exactly will happen if we default, but we have a pretty good idea. We know it would roil the international financial markets, induce rating downgrades of our Treasury notes, create fundamental doubts about the creditworthiness of the United States, and force us to pay higher interest rates to induce people to buy our bonds. It would damage the dollar and the special role of Treasury securities in global markets for decades to come—a dangerous gamble, one we cannot afford to take.

Defaulting on our debt would also be, as David Brooks so aptly put it, a stain upon our national honor. Are we actually going to become a country that cannot be relied on to pay its debts?

Yet we have Members of the House and Members of this body threatening to vote against raising the debt ceiling unless the President and Democrats in Congress meet their demands on how to address the deficit going forward.

Are my friends suggesting we act like a deadbeat who buys a new car and then, some time down the line, decides: ''You know, I just don't feel like making the payments''?

I think these Members are doing an enormous disservice by holding our Nation's economy and, indeed, the entire global economy hostage to their demands. Because the U.S. Treasury bond has been the foundation of the world financial system, it is not an overstatement to say that defaulting on our debt at this fragile point in the global economic recovery could throw us into a worldwide depression.

I am hardly alone in this regard. The U.S. Chamber of Commerce shares my alarm. It is no small secret that the Wall Street backers of the Republican Party are beseeching their allies in Congress to come to their senses.

Yet Republican leaders know there are also those in their party who believe this is their chance. This is their opportunity to exact concessions from the White House and Democrats in Congress precisely because the situation is so fraught with peril. They know the President of the United States cannot play a game of chicken with the full faith and credit of the United States of America. And in a game of chicken, the irrational and irresponsible player holds a distinct strategic advantage over the rational and responsible player.

So we find ourselves in this place at this time.

What are the demands?

Well, Republican leaders here in the Senate are holding the debt ceiling hostage so they can end Medicare as we know it. Democrats are trying to protect Medicare and ensure its solvency, and the Affordable Care Act is already doing that. Not only does the Affordable Care Act provide more benefits to Medicare recipients, it also extends the solvency of Medicare by 7 years. That is the conclusion of the most recent report of the Medicare trustees.

Of course, the first big idea from our friends on the other side of the aisle this Congress was to repeal the Affordable Care Act, and they all voted to do that. So please understand that one of their first votes this Congress would

have had the effect of diminishing the solvency of Medicare, shrinking the solvency of Medicare by 7 years.

Not only that, but according to the Congressional Budget Office, the Affordable Care Act will reduce the debt over the next decade by $210 billion, and over the decade following that by more than $1 trillion. So rather than saving money by making our health care system stronger, making our delivery of care more efficient, and keeping our constituents healthy, Republicans voted to repeal the health reform law. So the big Republican contribution to the sustainability of Medicare and our national debt was to vote to shorten Medicare's life expectancy by 7 years and to add well over $1 trillion to the debt in the next two decades.

There is no doubt that the biggest threat to the sustainability of our long-term debt is the cost of health care. That is why so much of the Affordable Care Act is designed to address the cost of the delivery of medical care.

Let me give you a couple of examples. First, the value index. The value index will direct that health care providers be reimbursed by the value of the care they provide rather than by the volume—the quality of the care rather than the quantity of care. In Minnesota, for instance, we do health care a lot better than most other States. We provide higher quality care at a lower cost than almost any other State. There is room for improvement in Minnesota, of course. As a health care economist told me: In Minnesota, we get an A, but that is because we grade on a curve.

In Texas, they get reimbursed 50 percent more per patient in Medicare than we do in Minnesota and yet we have better outcomes.

Why? Well, we have a different health care culture in Minnesota. We tend to do more coordinated, fully integrated care. We tend to see patients as people who we want to keep healthy and out of the hospital. In Texas, patients are more often viewed as profit centers. There are some excellent, high-value centers of health care in Texas, such as Baylor University. Then, there are some egregiously low-value ones, like some in McAllen, TX. And, by and large, Texas doctors order more procedures than Minnesota doctors so they can bill for more procedures.

But the idea here isn't to pit Minnesota against Texas. The idea is to incentivize low-value States to do health care more like high-value States. Imagine if we could bring down the cost of health care in Texas by one-third. Imagine the savings to Medicare and Medicaid.

One more example. Senator LUGAR and I wrote a provision into the bill called the Diabetes Prevention Program. It is based on a CDC program piloted in Indianapolis and in St. Paul. They took folks that had been diagnosed with ''prediabetes'' and gave them 16 weeks of nutritional training and 16 weeks of physical exercise at the YMCA, all at a cost of only about $300 per person.

The number of people with prediabetes who later developed full-blown type 2 diabetes was reduced by almost 60 percent—60 percent! Caring for chronic disease is the most expensive piece of our health care system in this country. One of the most common chronic illnesses is diabetes. It costs our Nation $218 billion a year to treat diabetes.

A couple weeks after the Affordable Care Act passed, I brought the Under Secretary of Health and Human Services into my office to meet with diabetes experts from the CDC and with United Health Group, the country's largest insurance company. The goal of the meeting was to get HHS on board to bring the piloted Diabetes Prevention Program up to scale nationwide. The executive from United Health said she would definitely reimburse their policy holders for going through the 16-week program. She said, ''You know why? Because for every dollar we spend, we'll save four dollars.''

The value index and the Diabetes Prevention Program are but two of the many programs in the Affordable Care Act that have been written into the law. Jonathan Gruber, the MIT professor who helped put together the health reform system in Massachusetts when Mitt Romney was Governor there, has said of the Affordable Care Act, ''It's really hard to figure out how to bend the cost curve, but I can't think of a thing to try that they didn't try . . . You couldn't have done better than they are doing.''

Since then, in the House, Representative PAUL RYAN and the Republicans in Congress have taken an entirely different approach. Instead of putting in the long, hard hours of consulting with health care providers, health care economists, patient groups, hospitals, rural health groups, and medical researchers to actually try to build on protocols that have been proven to bring down the cost of delivering quality medicine, Representative RYAN decided just to slash the funding of Medicare, give the money left over to seniors, and let them fend for themselves to buy their own health care from insurance companies.

Now, we know there was no functional market for health insurance for folks 65 and over before Medicare and Medicaid started in 1965. It is doubtful that there would be one now. Under the Republican plan, seniors would essentially get a voucher for a significantly lower amount than their Medicare is worth now. Remember that the cost to Medicare for administering its program is less than 2 percent. Insurance companies, on the other hand, spend around 11 percent on administration. The CBO estimates that under the Ryan plan, out-of-pocket cost for health care for each senior will more than double to over $12,500 a year.

This is not Medicare as we know it. It is not Medicare. So, understand this: the Republican plan to end Medicare would make huge cuts in Medicare benefits and put insurance companies in charge of seniors' health care. This would double the out-of-pocket costs for seniors and toss aside all the new benefits offered by the Affordable Care Act.

There is no question which vision of Medicare holds more hope for seniors and which takes a scientific, evidence-based, best practices approach to addressing the long-range cost of delivering health care to all Americans.

And yet my colleagues on the other side of the aisle are telling us that they are willing to risk throwing the global economy into depression if Democrats don't act more responsibly on Medicare.

Well, ok. Here is an idea. Allow Medicare to negotiate with the pharmaceutical companies on drugs for Medicare Part D. The VA does it. And guess what. The VA pays an average of 48 percent less than Medicare does for the top 10 most prescribed drugs. Now the pharmaceutical industry tells us they need us to pay the higher price because they need the money for research. But, in fact, they spend more money on advertising and marketing than they do on research.

Almost every other developed country uses its size to negotiate with the pharmaceutical companies. Why does the American taxpayer have to be the chump who pays full price? I say we negotiate with the pharmaceutical companies and bring down the cost to Medicare by as much as $24 billion a year, or $240 billion over the next 10 years. That could go straight to paying off the debt. There. I got you a $240 billion cut to Medicare. Now can we please vote to raise the debt ceiling and avert a worldwide economic catastrophe?

If my friends on the other side are really serious about getting our deficit under control, couldn't we start by getting rid of a measly $2 billion a year in taxpayer subsidies to oil companies—the companies that are getting record profits because the price of oil is so high? Unfortunately, according to my Republican colleagues, this would be a tax hike.

In order for us to agree to balance the budget, everyone has to pay. Who is in a better position to give? Exxon or a little girl in Minnesota named Evelyn. You see, Evelyn was born with cystic fibrosis. When she was 10, her liver failed, and her own toxins started to poison her. But Medicaid helped her get the care she needed. That is what this is about. Exxon or Evelyn. Frankly, it makes me kind of sad.

So there are some more billions for deficit reduction. Get rid of the subsidies to the five biggest oil companies—$21 billion over the next 10 years. And you know what? If we are seriously going to address our debt crisis, we have to increase revenues.

Now under the Republican plan, the cuts to end Medicare as we know it and to slash Medicaid all go to pay for tax cuts to the wealthiest Americans. That's right. The Republican plan cuts taxes on the top marginal rates for millionaires and billionaires from 35 percent to 25 percent.

Now my Republican friends like to say that tax cuts always produce revenue increases. Besides the fact that that is simply not true, it also contradicts the other argument Republicans use for not raising taxes. Raising taxes, Republicans often argue, would just give the government more money to spend. According to that oft-repeated Republican argument, cutting taxes will lower revenue and ''starve the beast.''

Here is President Ronald Reagan making this exact point in 1981:

> There were always those who told us that taxes couldn't be cut until spending was reduced. Well, you know, we can lecture our children about extravagance until we run out of voice and breath. Or we can cure their extravagance by simply reducing their allowance.

In other words, cutting taxes cuts revenues and forces the children, in this case, the government, to cut spending.

So, at the heart of my friends' argument on why we must cut taxes are two completely contradictory, mutually exclusive arguments. On the one hand, according to my friends, lowering taxes always increases revenues and therefore brings down the deficit. On the other hand, they argue, lowering taxes decreases revenues. Which is it? Because you can't have it both ways.

I will try to provide some context for my friends. After President Reagan cut taxes in 1981, we immediately started amassing enormous deficits. They were so bad that President Reagan felt compelled to raise taxes in 1982 and then again in 1983. In fact, President Ronald Reagan, the supply-side icon, raised taxes 11 times. If President Reagan did that today, the Tea Party and, in fact, the entire Republican Party would run him out of town on a rail.

But, you see, President Reagan knew that to raise revenue, you have to either raise marginal tax rates, or get rid of tax loopholes for the wealthy and for big corporations. Which is what he did repeatedly.

Even so, our national debt nearly tripled during the Reagan Presidency. The national debt continued to grow rapidly during the George H. W. Bush administration. In fact, in 1993, he handed President Bill Clinton what at that point was the largest deficit in history.

So what did President Clinton do? Well, in his 1993 deficit reduction package, he added two new marginal tax rates at the top end—36 percent for those making over $180,000 and 39.6 percent for those making over $250,000. Every Republican voted against the package. They said that raising the top marginal tax rate would cause a recession. Former Speaker Newt Gingrich said:

> I believe this will lead to a recession next year. This is the Democrat machine's recession, and each one of them will be held personally accountable.

Senator Phil Gramm of Texas said:

> The Clinton plan is a one-way ticket to recession. This plan does not reduce the deficit. But it raises taxes and it puts people out of work.

Representative John Kasich, then ranking member of the House Budget Committee, said:

> This plan will not work. If it was to work, I'd have to become a Democrat.

Well, it worked. Not only did we have an unprecedented expansion of our economy for 8 years, creating more than 22 million new net jobs, but we balanced the budget and Bill Clinton handed George W. Bush a record surplus. I call that ''working.''

Now President Clinton, and especially the Democrats in Congress, paid a political price for the 1993 deficit reduction package. The Democrats went down to defeat in 1994, losing control of the House for the first time in 40 years. You could say that Democrats took a shellacking.

Nevertheless, between 1993 and 2001 the Nation created an unprecedented number of jobs benefiting every quartile of our economy, decreasing the number of Americans in poverty, increasing median income, and creating more millionaires than ever—to which my colleagues on the other side of the aisle might say, ''Sure, it worked in practice. But does it work in theory?''

President Clinton's deficit reduction plan not only reduced the deficit as planned, it eliminated it entirely and gave incoming President George W. Bush a record surplus. In fact, when President Bush took office, we were on track to completely pay off our national debt with $5 trillion of surpluses projected over the next 10 years. In other words, we would have zeroed out our national debt this year.

Five days after President Bush took office—again, after President Bush took office—Alan Greenspan testified to the Senate Budget Committee that we were in danger of paying off the national debt too quickly and entering uncharted territory in which the Federal Government would have too much money. The Federal Government, Greenspan warned, would have to put its excess money into private equities, thereby distorting and decreasing the efficiency of our markets.

President Bush told the country that a surplus meant that Americans were paying too much in taxes. This was our money, he told us, and so we all deserved a tax cut. Then after the economy went into recession, Bush told us that what we needed was another tax cut to stimulate the economy. So, in other words, ''when the economy is going strong, tax cuts are in order.'' And ''when the economy is weak, tax cuts are in order.'' Combine those with the aforementioned contradictory ''tax cuts reduce revenues forcing government to spend less of our money'' and ''tax cuts always increase revenues'' and you have an exquisitely incomprehensible economic theory.

But that exquisitely incomprehensible theory needed just one more element to make it downright dangerous. And that element would be provided by Vice President Richard Cheney.

By late 2002, the surplus President George W. Bush had inherited from Bill Clinton was turning once again into huge deficits. According to then-Treasury Secretary Paul O'Neill, he tried to warn Vice President Cheney that budget deficits were growing at an alarming rate, posing a threat to the economy. Vice President Cheney cut O'Neill off, saying, ''You know, Paul, Reagan proved deficits don't matter.''

By the end of his Presidency, George W. Bush left President Obama a budget deficit projected at $1.2 trillion for fiscal year 2009. Meanwhile, President Bush had doubled our national debt.

What was to blame? Could it have had anything to do with the fact that for the first time in history we cut taxes while we were at war?

Well, not according to the Republican leader. In July of last year Senator MCCONNELL said: ''There's no evidence whatsoever that the Bush tax cuts actually diminished revenue.''

But adjusting for inflation, since the Bush tax cuts were enacted, revenues have fallen 17 percent. And that is not even taking into account growth in our population, which was 9 percent over this period. When you add the effect of population growth, revenues declined by about 24 percent per capita. I think this clearly constitutes evidence that the Bush tax cuts actually diminished revenue.

So it should be no surprise that reduced revenues are responsible for a lot of our deficit, as you can see here. This chart by the Center on Budget and Policy Priorities is based on CBO data and shows that the Bush tax cuts were responsible for 25 percent of the deficit in 2010. And that is only going to grow. By 2019, the tax cuts will account for almost 60 percent of our deficit.

And the fact is that not only did the national debt double during the Bush administration, we also had a dismal record of job creation. And during the Bush years, for the first time since we started keeping records, median income fell in America. And more Americans fell into poverty. One in five children in America now lives in poverty. It is even higher in rural America.

There is one group that did very well during the Bush years, and continues to do very well: The extremely wealthy.

We now have in this country the greatest disparity in income and wealth that we have had since the 1920s.

So the one thing that there is no evidence whatsoever of is that cutting taxes on the wealthiest Americans can

create jobs and keep the deficit under control.

So why would we do it, when the evidence is so stark that the Bush tax cuts coincided with a huge spike in both the debt and unemployment?

Why not look back on what has worked in the past and learn from it?

As I said earlier, after World War II our debt as a percentage of GDP was, in fact, significantly larger than it is today. But what did we do? Well, we passed the G.I. bill so that our troops returning from the war could go to college.

Truman started the Marshall plan to help Europe get on its feet.

And it is not as if we had smooth sailing as far as Defense spending. We went to war in Korea, losing nearly 35,000 Americans. After that war ended, we found ourselves in an extended Cold War. We built the largest infrastructure project in our history, the Interstate Highway System—it added enormously to our economic development, because now we could transport our goods around the country so much more efficiently.

When the Soviets launched Sputnik into space, we jump-started our space program and our investment in science and math education. My brother and I were Sputnik kids. He was 11 and I was 6 when it was launched. My parents took us into our living room in Minnesota and told us that we had to study math and science in order to beat the Soviets. I thought that was a big burden to place on an 11-year-old and a 6-year-old. But we were obedient sons, and so we studied math and science. And wouldn't you know it, my parents were right. We beat the Soviets.

The space program created all kinds of dividends in technology and to our economic development. I watched a Senate debate last fall in which the Republican candidate said that government had never created a job. The debate, of course, was broadcast by satellite.

I think you get the idea. The fact is the investments we made in the 1940s, 1950s, 1960s, and 1970s in science and technology, in our State universities, in infrastructure that was the envy of the world brought our debt as a percentage of GDP from 121 percent in 1945 to 33 percent in 1980.

Erskine Bowles is right. We can't get out of our current debt crisis with growth alone. But I will tell you most certainly that we will not get out of it without growth.

And so we have to choose wisely in what we invest in, in when we invest, and in how we invest; and in what we cut, and when we cut, and how we cut—which we must do—and in how we increase revenues, when we increase revenues, and from whom we get those revenues.

Why not invest in retrofitting our buildings when we have so many in the building trades out of work, sitting on the sidelines, and knowing that we can recoup that investment in energy savings within 3 to 5 years? Let's find creative ways of financing that, such as PACE financing, which lets families get a loan from their local government and pay it back on their property taxes. This is how cities pay for streetlights and sidewalks. It adds value to homes; and when the family moves, the loan stays with the property. We should also create incentives for banks to lend to small businesses for retrofitting commercial buildings.

There is a company in Minnesota called McQuay that makes heating and air conditioning systems for commercial buildings. They are actually supplying the system for the new World Trade Center, and their systems are so energy efficient that they pay for themselves in 3 to 5 years through energy savings.

They have been taking out loans from banks since they are a large creditworthy company, but then they give out loans to customers who install their systems. It is a win-win, because they are selling more units and putting people back to work, and their customers are actually making money in the long run through energy savings. McQuay has a good model, and we should be figuring out how to encourage others to do the same thing.

Why not cut our Defense spending when $100 billion in cuts have been identified by our service chiefs at Secretary Gates' request, and when cost overruns on our weapons systems are absurdly high? The GAO recently revealed that when you add up the growth in costs of major Defense weapons systems over their original estimates, the total is over $402 billion.

Why not raise revenue by increasing taxes on the wealthiest in this Nation—those who have benefited the most from the economy in recent years—especially when we can look to the recent past and see that their tax cuts created virtually no jobs and contributed mightily to our deficit?

Only when the middle class is strong does our economy grow, because the middle class has always been the part of our society that creates demand. There are just not enough rich people to buy enough stuff. The middle class spends its money. But today, companies are sitting on trillions of dollars because there is just not enough demand. And that is because there is a lot of unemployment and because wages for the middle class have gone down over the last decade.

Creating a middle class is not an end unto itself. A strong middle class leads to strong consumer spending, and therefore to a strong economy and to national prosperity. The middle class is also where you get entrepreneurs and small businesses—it is the engine of our economy.

Why not invest in early childhood education when we know that the return on quality early childhood education is up to $16 for every $1 spent? We know that children who have had quality early childhood education are less likely to need special education, less likely to repeat grades, they have better health outcomes, and that the girls are less likely to get pregnant as teenagers. We know children who have quality early childhood education are more likely to graduate from high school, more likely to go to college, more likely to get a good job and pay taxes, and much less likely to go to prison.

My friends on the other side say that we must cut the deficit for our children's sake, and I agree. But why then are such a disproportionate amount of the cuts aimed at programs that help kids? As I said, one of every five children in America lives in poverty, and even more in rural areas.

But the Republicans want to cut Head Start and Early Head Start. We currently serve about 40 percent of children who qualify for Head Start and less than 4 percent of children who qualify for Early Head Start. Do we really want to cut that? Do we really want to cut Pell grants? The Republican budget slashes Medicaid. About 50 percent of the recipients of Medicaid are children. We know we are going to have to make shared sacrifices to get the budget under control, but do we really think that sick kids should make those sacrifices?

You know, immediately after this last election, Republican leadership said that their No. 1 priority was seeing to it that Barack Obama is a one-term President. They didn't say their No. 1 priority was getting Americans back to work, or educating our kids, or even balancing the budget.

Their No. 1 priority was winning the next election. But I don't think that is what Americans want. The American people want us to get to work to solve problems, to improve their lives. We don't have to agree on how to do that but they sent us here to work together. If the time between elections just becomes about jockeying for the next election, then what in the world is the point of getting elected in the first place? I thought we were here to work together constructively in the interest of the American people.

Now the Senate Republican leader is saying that raising any new revenues is off the table; that he will not vote to raise the debt ceiling if part of our compromise on the budget going forward involves any tax increase on anyone, no matter how wealthy they are, no matter what their income.

I ask all my colleagues, for the good of the country, to step back from the brink, to step back from brinksmanship on this debt ceiling. Let's not panic. We are going to be on this planet for a while. Let's have some confidence in ourselves to do this in a smart thoughtful way so that our children will say, ''Well, they might not have been the Greatest Generation, but they were a Pretty Good Generation.''

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. VITTER. Mr. President, I ask unanimous consent that the quorum call be rescinded.

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

Mr. VITTER. I ask unanimous consent that Senator KIRK and I speak in succession for up to 15 minutes and that the Democratic side then have two speakers.

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

The Senator from Illinois.

AHMED ABDULKADIR WARSAME

Mr. KIRK. Mr. President, we have just learned that Ahmed Abdulkadir Warsame was arrested by the U.S. military in April. This news has just come to us, learning that this man who fought for no country and wore no uniform and under an international law is considered an enemy combatant and therefore not a prisoner of war or an American civilian criminal, has been taken to a U.S. criminal court to be granted full U.S. constitutional rights in a prosecution in the civilian courts of the United States, located in the Southern District of New York.

This man was taken outside American territory for attacks outside U.S. jurisdiction for acts against non-U.S. citizens. Yet he has been charged with a U.S. civilian crime and has been given the full rights of an American citizen or a nationalized individual. I think we have made a grievous mistake.

We have made a significant change just this week. We have violated the principles set forth by President Lincoln and President Roosevelt, who well used military commissions to handle enemy combatants and not providing them full U.S. constitutional rights for actions taken outside the United States against non-U.S. citizens in the war on terror.

I am very worried this foreign terrorist, who was taken abroad for attacks committed abroad, is now going to have the full constitutional right to confront his accuser and have all information used in his trial exposed. This means that, under the new policy, the United States may be forced to reveal intelligence information critical in the war on terror, especially against al Qaida, al Qaida in the Arabian Peninsula, and Al-Shabaab, when otherwise a military commission could have kept that information confidential, leading to further success by the United States.

We should ask at what cost this prosecution will come. The previous proposal by the President, which he backed away from, was to bring the author of the 9/11 attack, Khalid Shaikh Mohammed, to central New York, at a cost of an estimated $75 million to protect the court, the judge, the prosecutor, the jury, and their families. The President backed away from that Khalid Shaikh Mohammed decision, but apparently he has now made that decision again with regard to Ahmed Abdulkadir Warsame.

My question is this: What threat is now being posed to the people of New York? What threat is being posed to the Federal judge? What will the prosecutor fear for the rest of his or her life in participating in this unnecessary civilian prosecution—and especially for the jurors and their families who now will be subject to scrutiny throughout the jihadist world by al Qaida in the Arabian Peninsula and Al-Shabaab. Why is this unnecessary threat now going to be posed to these Americans?

That is why 39 Republicans and Democrats joined me in a letter to Attorney General Eric Holder, saying this decision was a mistake and should not be repeated; that we have now created undue attention to the people of New York by al Qaida in the Arabian Peninsula, al Qaida itself, and Al-Shabaab.

Remember, following our successful attack against bin Laden, we now estimate that al Qaida in the Arabian Peninsula and Al-Shabaab are the most dangerous and heavily armed subsidiaries of al Qaida. Al-Shabaab alone has over 8,000 men under training and, as one intelligence expert said, some of them at the level of training equivalent to the U.S. Army Rangers.

How are we going to protect the judge in this case for the rest of his or her life? How are we going to protect the prosecutor for the rest of his or her life? How are we going to protect the jury and their families for the rest of their lives because of this mistake made by the Attorney General of the United States?

At what cost will this prosecution come? Will it be paid by the city of New York, already heavily strained in finances, a New York State famously short of funds, or the Federal Government, which is also short of money?

What happens if Ahmed Abdulkadir Warsame is found innocent? We already know many released terrorists have already returned to jihad, as he proudly indicates he surely will.

In the wake of the debate on deficits and debt on a famous criminal trial in New York, we may have overlooked a fundamental decision, a mistake made by the Attorney General of the United States. The 9/11 Commission taught us a critical lesson, that terrorism is not a law enforcement problem; it is an intelligence and military problem. Well-established principles under Roosevelt, Lincoln, Bush, and, yes, President Obama, using military commissions, should be used instead of subjecting the American people to the increased threats, the increased costs, and the terrible precedent we have just set in giving an international terrorist, for acts committed overseas against foreigners, full constitutional rights. I think it is a decision we will regret. Many of us may quote the 9/11 Commission report in its clear findings in highlighting the error that was made.

I yield to the gentleman from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. VITTER. Mr. President, I rise again to urge all of us, Democrats and Republicans, to come together and put serious deficit reduction proposals on the floor for full debate, an open amendment process, a constructive debate and votes and action. That is the way we can move forward and resolve this greatest threat we face as a country, out-of-control Washington spending and debt.

We are making a little bit of progress in that regard. After months and months of the distinguished majority leader putting every other issue under the Sun on the floor but spending and debt, we finally forced this central issue to come and be debated.

Last week, many of us banded together, conservatives who were pushing for this debate, and said: Enough is enough. We should cancel the July 4 recess, we should block it so we stay and debate the central issue. That is what we did, and we successfully did that. Unfortunately, the majority leader then proposed that we stay here—yes, because we had blocked the recess—but did not put the central issue on the floor and moved yet another topic. We said: No; we are staying to get to this debate, this important issue, the greatest challenge we face right now as a country, and we successfully defeated his move to another topic.

Finally, with this little bit of progress, we are on the floor at least talking about the right issue. But we don't yet have a strong, meaningful, underlying proposal to act on. We have a sense-of-the-Senate resolution. That is a good basis for debate, I suppose. But, of course, we need more than that. We need serious proposals to debate and amend and vote on and act on. That is the important next step.

When I made these remarks yesterday, the distinguished Senator from New York, Senator SCHUMER, was in the Chamber and suggested that Republicans, including myself, had not gotten behind a serious, credible proposal. Specifically, he said: Wait a minute. The Ryan budget, which you voted for, doesn't reduce the deficit at all. I said at the time that is incorrect, but I didn't have the numbers in front of me. In fact, I looked it up, and the Ryan budget does significantly reduce the deficit from $1.4 trillion this year to $391 billion at the end of 10 years. That is a major reduction.

As I said to the Senator from New York at the time, my preference even ahead of that is the Toomey budget, which we produced on the Republican side in the Senate. That reduces the deficit from $1.4 trillion right now to zero over 10 years. It balances the budget over 10 years—obviously, major progress.

Again, going back to the Ryan budget, which Senator SCHUMER brought up, it contains $6.2 trillion in spending reductions compared to spending in President Obama's budget. It adds

total deficits that are $4.4 trillion lower than that in the President's budget. It brings total Federal spending to below 20 percent of the economy. The President's budget is always above 23 percent in that figure. So it puts us on a path to balance. Again, the Toomey budget, my first choice, actually achieves that balance within the 10-year budget window.

In contrast to that, I have to say it is very unsettling that the distinguished majority leader and the majority in this Chamber have not even tried to meet our mandated budget responsibilities. Section 300 of the Congressional Budget Act of 1974, which is the Federal law that controls the budget process, says that by April 15 of every year, a budget resolution is supposed to be passed. We are 83 days and counting past that deadline and no serious attempt to even try to meet that legal mandate has been made by the majority or by the distinguished majority leader. We have had a few budget votes, three Republican budget proposals, and President Obama's budget. The Obama budget got zero votes on the Senate floor. The majority, the majority leader produced no budget proposal. The Finance Committee, led by the majority, produced no budget proposal, not even trying to meet our responsibility, an actual legal mandate under the law.

Through the Chair, I would ask Senator SCHUMER: Where is your proposal? Where is your attempt? Yes, we have put forth specific proposals that dramatically cut the deficit. When is the majority going to even try? Again, 83 days and counting this year past that deadline. Of course, last year this body, under the same leadership, produced no budget. So we are 448 days and counting in total under the Budget Act. In that time, by the way, our debt has increased $3.2 trillion.

That is why we need serious proposals on this Senate floor to debate, to amend if necessary, to vote on, to act on. At least we are to the topic, but we need serious proposals before us to act on.

Again, I urge all of my colleagues to embrace a three-tier approach, cut and cap and balance: passing a budget resolution which we are mandated to do that includes immediate meaningful real cuts—that is cut; cap, structural budget reform to cap spending in every major category of the budget to ensure we stay on that path to a balanced budget; and balance, a requirement in the U.S. Constitution that we have a balanced Federal budget through the balanced budget amendment to the Constitution. I support that. All Republicans in this body have coauthored that. That is the third crucial tier of this three-tier approach: cut, cap, and balance.

I hope we get to consideration of those and other important proposals. I hope we not only have a debate around a sense-of-the-Senate resolution, I hope we have real meaningful proposals on the floor, an open amendment process, an open debate and votes and action on this most critical issue. I have endorsed specific proposals. I mentioned two of them. They dramatically reduce the deficit. I have coauthored the balanced budget constitutional amendment that enforces discipline, the straitjacket we need. I support the cap concept for the medium term to get us on that path. But we need to act on that on the floor in a bipartisan way. I urge that as the next necessary step.

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

The PRESIDING OFFICER (Mr. SANDERS). Without objection, it is so ordered.

Mr. SCHUMER. Mr. President, first I thank my good friend and colleague from Minnesota, Senator FRANKEN, for leading this debate here today, the subject of course being the potential of default by the U.S. Government, a subject many of us thought we would never have to discuss. I hope people who did not get a chance to see his speech—I am sorry, I had hoped to be here but we had the final vote on the free trade agreements in the Finance Committee, but I hope people will look at the speech. It is a very erudite, thoughtful, and compelling document. It is on a subject that deserves that kind of attention, which is the danger of default. In our entire history we have never defaulted on our debt. America has always kept its promises. But some of my colleagues on the other side of the aisle are threatening to make us the first generation of Americans that does not pay its debts, that does not keep its promise. Earlier this week the President said we should reach a deal within 2 weeks in order to avoid roiling the financial markets. We Democrats are working in good faith. We are committed to making sure our Nation does not fail in meeting its obligations. My colleagues and I on this side of the aisle are working diligently to find spending cuts, many of which come from programs we strongly believe help this country, in order to come to a final agreement. We are also identifying tax loopholes to close.

But I must ask, what exactly are my Republican colleagues doing? They are stalling, they are demagoging. They walked out on bipartisan budget negotiations and are continuing to insist that we cannot raise a single dollar in revenue, no matter how wasteful the tax breaks or how generous the subsidy. The shocking truth is that our Republican colleagues seem to be willing to tank the economy simply to help out the very most privileged, who are already doing well.

Let's face it, middle-class people, poor people, depend on government programs. But if you are wealthy you do not need government spending. You don't need help to send your kid to college. You don't need to go to a clinic to have your teeth looked at in case they are falling apart and you cannot afford high-priced, fancy dentists. But if you are wealthy, how do you get breaks? You look into the Tax Code and lobby Congress, whether you are a corporation or individual, to get those breaks. That is how the high-end folks benefit, in terms of this government.

To say all those are off limits is not class warfare, it is a simple fact of life. It is a fact of life that the well-to-do, whether they be corporate or individuals, benefit from tax expenditures, whereas middle-class and poorer people benefit from spending expenditures. Yet our Republican colleagues say one whole side is off limits. That is putting politics over the economy.

In fact, these actions seem to indicate they might be deliberately tanking, or want to deliberately tank, the economy to harm the President's reelection chances. That is a tough thought. I shudder to believe it. But when you look at the evidence, it leads in that direction.

These are not actions of leaders. Forcing the United States into default to score political points is playing with fire. You risk undermining the future credit of the United States and do enough damage to the global economy that it could cause another financial crisis not unlike the one we saw in 2008 from which we still have not recovered, all to score political points, all to help those, the one segment of society which, God bless them, has done very well in the last decade.

I also want to talk today about a subject that is often ignored in debates over the debt ceiling. These debates can seem very abstract and the potential consequences very remote. That is why my colleague from Minnesota decided to lead a debate in this regard. In fact, the consequences would affect every American who wants to take out a mortgage; every parent who needs to take out student loans to send their kids to college; every American with a credit card. It would even affect the price of gasoline and the price of food. The impact of a default will not just be felt on Wall Street or in the mythical world of bond markets, but in every town, every household in the Nation.

The consequences will not be short lived. The repercussions of a default will stay with us for years or even decades. J.P. Morgan estimates that even a technical default, the failure to pay interest on our debt for a few days, would result in the cost of U.S. treasuries increasing by 50 basis points.

What does that mean to the average household? Most households do not speak in terms of basis points. Mortgage rates are often set at 150 points above U.S. Treasury. That means 1.5 percent above U.S. treasuries. If the rate on treasuries goes up 50 basis points, it goes up another half percent. So the cost of a mortgage for a family with a 30-year fixed rate mortgage

worth $172,000, just that alone, that little few days where the United States does not pay its debt, costs $19,000 to that family.

The cost of interest on a credit card would also increase. A family carrying a modest balance, $3,300, would pay an estimated $250 more in interest every year.

In total, a default or even a near default could end up costing American households $10 billion in increased borrowing costs every year.

The same J.P. Morgan study tells us that a 50-percent increase in the cost of U.S. treasuries will decrease our GDP by 1 percent. Leading economists estimate a 1-percent contraction in the GDP would result in 640,000 jobs lost. These are jobs we cannot afford to lose.

In addition, the stock market would also go down significantly, costing all Americans who are investing for their retirement or saving to send a child to college. The typical American would lose $8,000 to $12,000 in his or her retirement account.

J.P. Morgan also estimates that the value of the dollar would decline 5 percent to 10 percent as a result of a default.

There are significant consequences for the future of the dollar if this happens. We should all be asking ourselves, what happens if the dollar ceases to be the global reserve currency? But even if my colleagues across the aisle do not want to consider that, they should certainly think about the impact of a depreciated dollar on their constituents. Higher borrowing costs to the government would also increase the deficit, exactly the opposite of what we are trying to do.

So when they cavalierly say ''let's default because we have a huge deficit,'' it is actually an internal contradiction. The defaulting will make the deficit worse. According to a J.P. Morgan analysis, the deficit would increase by $10 billion a year in the short term, $75 billion in the long term.

The worst part is this: All of these costs would be self-inflicted wounds. We are fully capable of paying our debt, as we always have. But some are threatening to intentionally default. To borrow a phrase from the President's economic adviser, Austan Goolsbee, ''This would be the first default in history caused entirely by insanity.''

Let me say this. Every American family has debt, just about. Most of us have mortgages. Let's say we have a mortgage on our house, we have a house and we are living in it. If all of a sudden we say to our bank I am not going to pay my mortgage unless you do A, B, and C—you have already signed to pay that mortgage—what happens? You are not living up to an agreement you made. Your house is foreclosed upon and you lose it.

The analogy is the same here. For the U.S. Government to default on purpose would be cutting off our nose to spite our face, and hurt the citizens of this country.

I say to my Republican colleague, how do you plan to explain this to your constituents? Do you think they will believe the political games are worth the increased costs? I sincerely doubt it. I want to say to my Republican colleagues, because so many of you have trifled with the idea of not paying our debts, if, God forbid, it happens—I hope it doesn't, for the good of the country, but if it does, you will bear the blame. Not a single Democrat I am aware of has said we want to default. Many Republicans have said they want to default. So you do not have to be Albert Einstein or a Ph.D. in biophysics to know who is risking default, who is trifling with default, and who would cause default if, God forbid, we cannot come to an agreement.

Many on our side have said we are willing, if it comes to it, to raise the debt ceiling if we cannot come to an agreement because the consequences are so horrible. Not the other side—no. They are leveraging the default as a means to assert their beliefs, sincerely held. That is so wrong. But the good news is that the American people, and certainly the people who are following this issue, realize that. As we get closer and closer to the day of August 2 they will know who is willing to risk default to achieve political goals. They will know it is not the people from our side of the aisle. They will know it is the people from the other side of the aisle, and that will make problems Newt Gingrich faced in 1995—I believe it was when he shut down the government—look like child's play. I would urge my colleagues on the other side of the aisle to rethink their position. The time has come for a little soul searching on the other side of the aisle. You must decide if you are willing to create another economic crisis to mollify an extreme wing of your party and score political points against the President. You must decide if you want to go down in history as the first generation of American leaders to renege on promises already made by Presidents and Congresses, Democratic and Republican alike. In the coming weeks my Republican friends will have to make a very serious decision. Are they going to get serious about working with us to find a bipartisan solution to our debt crisis or are they going to put partisan politics above the good of the country? Are they going to say it has to be our way, all the way, 100 percent, no revenues, or we are going to force the country to default? Or will they put the good of the country and compromise above narrow, ideological, often fear-driven politics?

In conclusion, I am an optimist. I believe my colleagues will come around and join us in finding a bipartisan way forward. I don't base that on anything that has been said. I wish I could. I base it on my innate optimism that Americans, at the end of the day, are practical, problem-solving people, not people who look for self-destructive solutions. I ask my colleagues to come around, join us in a bipartisan solution. We are willing to give some. You should be willing to give some, but I can tell you, my friends, time is running out. I can only hope, the American people can only hope, you don't wait too long.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. BEGICH. Mr. President, I am on the floor this afternoon to talk about the issue not only of the day, the week, the month, the year, it is the issue about what to do about the deficit. Everyone around here knows that if we fail to raise the debt ceiling by the August 2 deadline, the United States will default on its loan payments. Defaulting could have catastrophic consequences on our economy as we attempt to recover from the worst economic recession since the Great Depression. Failing to raise the debt limit could send our economy into a tailspin with unthinkable results for the American people. With the stakes so high, we must ask ourselves: How did we get into this position? Or as my constituents back home in Alaska say: How did you get into this mess? Over the last decade, both sides of the aisle have played a role in this irresponsible spending that resulted in our current fiscal crisis. At the beginning of the last decade, we had a budget surplus—let me say that again—a budget surplus of $200 billion, with a projected surplus of $5 trillion for the next 10 years. By the time I took office in 2009, not only had our budget surplus disappeared, we faced a budget deficit of over $1 trillion.

The creditworthiness of the United States is in jeopardy. Some of my colleagues on the other side of the aisle oppose raising the debt ceiling, citing the need to rein in reckless spending. While I support broad deficit reduction measures, I strongly disagree with those who fail to recognize consequences of failing to raise the debt limit and defaulting on our financial obligations. Everyone around here knows what will happen if we do not. For the first time ever the creditworthiness of the United States would be put in jeopardy. I want to step back for a second and remind everyone Congress has enacted measures on the Federal debt limit 74 times. So they obviously understand what will happen if the American government defaults on its payments. The ceiling has been increased by both Democratic and Republican administrations and Congress. George W. Bush's first term in May of 2003 would increase the limit by $984 billion. In fact, Congress raised the debt ceiling seven times during his administration. The Senate Republicans provided the votes to raise the debt ceiling in 2002, 2003, 2004, and 2006. To keep a good credit rating is something the American people understand, and they are doing their very best during these hard times. I hear this all the time when we are back home.

While the American people understand that defaulting on our loans would only make matters worse, some Members of Congress insist on playing politics even during this economically uncertain time. If the U.S. Government defaults on its financial obligations, it would be the first time in history our credit would be downgraded. Let me repeat—never before have we let our creditworthiness be called into question. The consequences are large and somewhat unknown.

Let me take a little bit from what the Senator from New York talked about and expand on that, and that is: How does it affect the individual, the person working hard every day, paying their mortgage, driving to work, pumping gas in their car, going on a vacation, doing everyday things that Americans do in my State of Alaska, especially now they are out fishing, enjoying the summer. The kids are out of school, and the State fair is getting geared up in another month. What happens? Well, first off, if we default on our loans that are due, our obligations, some immediate things will probably happen.

First off, individuals who have credit cards will have their rates go up, because if you read the fine print of those great credit card bills we get every month, which are very small and very detailed, they talk about how the rate is structured. The rate is structured around what happens in the market. Obviously a lot of people today may have a good rate, 9 percent, 10 percent, but average is around 15 percent, 18 percent. That interest rate will go up. Home mortgage rates—if you have an adjustable rate mortgage, it will be adjusted up. If you are a small business person—as I have been, and am still today, my wife—there are many businesses that borrow on a 1-year, 2-year, 3-year loan, adjustable rate, maybe monthly, maybe it is an inventory loan because it is a seasonable business—all those rates will go up, assuming you can get a loan. When you drive your car and pump that gas and fill up your tank and you think prices are high now, oil commodities are traded in U.S. dollars. So the net effect is going to be that dollar is going to have less value, which means the price of the fuel will go up and what you pump into your car will increase.

Mr. President, 75 percent of world markets, transactions across this world are done in U.S. dollars. If you impact the creditworthiness of the country, the dollar has less credit behind it, which, of course, costs money, which means things we import such as fuel to operate our cars, energy to heat this building, to turn on these lights, go up. It has a real impact to individuals. It is not some global discussion here in the halls of Congress. It is not about just debt limit and GDP and all these other phrases that people kind of wonder what it means to them in their individual life, but it has a direct impact in their lives. What happens to their retirement funds? Their funds are invested in maybe U.S. Government securities. Well, they are going to see a change, a dramatic change. The American people, Alaskans, are already struggling. To add this additional burden because we are unable to sit down and work together and solve this problem in a cohesive, comprehensive way is irresponsible.

To my friends across the aisle, let me remind you of what President Reagan said in 1983 in a letter to then-Senate Majority Leader Howard Baker. He said it better than I think any of us could say, and this is directly from his letter:

> The full consequences of default—or even the serious prospect of default—by the United States are impossible to predict and awesome to contemplate. Denigration of the full faith and credit of the United States would have substantial effects on the domestic financial markets and on the value of the dollar in exchange markets.
>
> The Nation can ill afford to allow such a result. The risk, the costs, the disruptions and incalculable damage lead me to but one conclusion: the Senate must pass this legislation before Congress adjourns.

It is amazing I can take a quote such as this from history and transplant it today and it is the same situation.

At the same time as we deal with this, I feel strongly we must pass a deficit reduction measure. I have supported the deficit commission, the debt commission, and their efforts. I didn't agree with it all, but I agreed the $4 trillion mark should be it. We should try to do our best. In order to solve this problem, this challenge—and we all have our sides where we are kind of hunkered down. Every time I go back home—and I was back home this last weekend for my short 48 hours. I spend more time on the plane than staying at home at times. But when I get home, people say very simply to me, it is a combination. We are going to have to reduce the spending. I don't object to that. We are going to have to create a more fair tax system, which I don't object to. Along with Senator WYDEN and Senator COATS, I have introduced tax legislation that does that, simplifies individual rates, focuses on a growth agenda with our tax policy. It gets rid of the loopholes, tax havens that people take advantage of who pay no taxes but enjoy the great bounties of our country.

We also have to invest. We have to invest in a growth agenda. That means investing in infrastructure, in education. Because as you reduce your budget, which I don't disagree with, and as we create a more fair, balanced tax system, we have to do one of the most principled things and that is to continue to help grow this economy and we have to invest in our infrastructure, and invest in a variety of things that grow our economy.

This is an opportunity for us to put our country on sound financial footing by passing a broad deficit reduction measure that includes cost savings and increased revenues. When it comes to protecting America's economic security and improving fiscal responsibility, the time to act is now.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. I rise today to talk about some of the enormous challenges facing our economy, about Washington's failure to address those challenges and a way forward. Today there are nearly 23 million Americans looking for full-time jobs. This includes people among those 9 percent of Americans on the unemployment rolls, but also includes a lot of Americans who want to work but have given up looking for work or are scraping by on part-time jobs when they want a full-time job. What makes it more troubling is that, among the Americans being counted in that 9 percent, the average length of time on the unemployment rolls is now nearly 10 months. That is the longest ever recorded. These folks are looking for help, looking to us for leadership and looking for us to help get the economy back on track by creating a better environment for job creation and economic growth. As we have heard from the two previous speakers, the government faces serious, unprecedented budgetary challenges. Washington is borrowing nearly 40 cents of every dollar it spends. It looks as if we may have another record deficit this year, and we will have the highest debt ever. Government spending has gone from $25,000 per household to more than $31,000 per household in the last 4 years. The national debt has doubled over the 2008 levels—doubled since 2008. We have hit this $14.3 trillion debt limit, and if we do nothing about it, we are going to end up with an economic crisis much like Greece is facing today.

I just listened to the comments of my colleague from New York and my friend from Alaska, and they are talking about the fact that interest rates might go up unless we vote to extend the debt limit. I am talking to a lot of economists and thinking about the impact it will have on Ohio if we don't do something about the deficit and debt. When we extend the debt limit again, interest rates will go up. The value of the dollar will continue to go down. Inflation will go up.

The point is not that we want to go into default—I hope nobody does in this Chamber. Despite what my friend and colleague from New York said, there is no Republican interest in defaulting on the debt. No one wants to default on the debt. But it is just the same as when we have a credit card in our families. Once we max out on the credit card, before we try to get a higher line of credit, we ought to look at the underlying problem, otherwise we will fall right back into the same financial problems. That is what Republicans are saying.

It is this: If we do not deal with the underlying problem, which is this huge fiscal imbalance we just talked about—a $14.3 trillion debt that has doubled

since 2008—then we are going to find ourselves with a financial and economic problem that will result in a spike in interest rates and will result in this negative impact on all Americans via car loans, mortgages, and student loans.

So this is why it is so critical over the next few weeks as we work through this; That we deal with not just extending the debt limit—I guess that is a pretty easy thing to do, to just say let's go borrow more; we are already borrowing about 40 cents of every dollar—but we have to deal with the underlying problem.

So what are we doing in the Senate to deal with that underlying problem? Very little. This week we are debating a meaningless sense-of-the-Senate resolution. It is what is called a nonbinding resolution. It will not create a single job or reform a single part of our tax code. It will not save $1 of government spending. It does nothing to address the debt limit. It is a distraction, and that is why earlier today I voted against proceeding to it. Serious times demand serious work.

I was pleased when the Senate came together to cancel this week's scheduled recess because we should be here. We pledged to return to Washington and to confront these economic challenges we talked about and the budget problems we face. I supported doing that, but this has not been a serious effort.

By the way, the Senate has not even passed a basic budget for this year. There is no budget, which is highly unusual. It also never passed a budget last year. So instead of talking about nonbinding resolutions, we should be talking about a budget. We should have a budget on the floor. We should be debating it. The other side will have their issues, and we will have issues to talk about. None of us will necessarily agree with one another on the precise provisions of a budget, and that is fine. Let's have the debate and end up with a blueprint for our spending going forward.

President Obama talks about getting involved and showing true leadership but, to be honest, he hasn't stepped to the plate. The best example would be his own budget. He is required by law to submit one every year. He did submit a budget. That budget was voted on by this Senate. Because we didn't have our own budget, we voted on his budget. It was unanimously rejected 97 to 0 partly because, as Democrats will say, a few weeks after he submitted the budget, he gave a speech where he said: My budget wasn't really adequate to the task. So he rejected his own budget, in a sense, but he offered no alternatives, no specifics.

His own budget, by the way, was so unserious that it doubled the debt over the next decade, and that is why, again, it was voted down by this Senate.

What is our budget? What do we believe in? We should have that debate.

We need to know what the numbers are; and what vision the President has for the next 10 years. That is what the budget is supposed to do. And, of course, we need to know what he will do to help grow the economy. In my view, getting the budget under control is a matter of restraining spending, but it is also a matter of growing the economy. If we don't grow the economy—and that will increase revenues, by growing the economy—we will not be able to get out of this deep fiscal hole we are in with record deficits, record debt, and, again, an increasing negative impact on our economy.

The lack of a true debate is not from a lack of ideas, by the way. Senate Republicans have developed a commonsense jobs plan, much of which I think should be and can be bipartisan. It includes a lot of commonsense ideas. One is to reform the Tax Code. Senator BEGICH from Alaska talked about that earlier. That is to make sure that our Tax Code works better for our economy; that it is simpler, that it encourages investment and job creation. Economists across the board would agree that our current code is inefficient. We should do that as a body. That will help develop the economy and jobs and economic activity which will increase revenue.

We need to rein in regulations. When I am home talking to small businesses, the first thing they talk to me about is the latest Federal regulation. A new one out today from the Environmental Protection Agency which is affecting my home State of Ohio is going to cost jobs at a time when we need jobs desperately. These are very specific proposals. Maybe they are not proposals everyone can agree to. What are the other side's proposals? Let's debate this issue. Let's pass legislation that forces a cost-benefit analysis of regulations. Let's be sure the regulators are using the least burdensome and least costly alternatives.

These are commonsense ideas: creating a competitive workforce to make sure we are competitive for the 21st century. This is incredibly important. Expanding exports to create more jobs. On energy, being sure we have the ability to get away from our dangerous dependence on foreign oil by developing more resources right here in this country. These are all commonsense proposals we should work on because they relate to the very issue we should be talking about this week, which is how to deal with our budget imbalance.

The proposal, by the way, also caps government spending. It says we need to have a balance between revenues and expenditures, which is only common sense because until we get the fiscal house in order it is going to be very difficult to get our economy moving. It is like a wet blanket over the economy creating uncertainty and unpredictability.

On the budget, let's be clear. The long-term problem is from soaring spending, not falling revenues. This is from the Congressional Budget Office. It is a nonpartisan group. Their job is to give us the data to tell us what is going to happen with spending and with revenues. This is what they tell us.

Even if we keep current tax rates for everybody—in other words, don't get rid of the so-called Bush tax cuts—revenues are still expected to rebound above the historical average of 18 percent of the economy. If, in fact, the Bush tax cuts do not get extended, which is current law—right now they are expected to end at the end of next year—those tax revenues will be well above the historic average. Instead of 18 percent, they get up over the next several years to about 20 percent. Over the last 50 years, it has been about 18 percent. The deficit is rising not because of lack of revenue but because spending is now at 24.5 to 25 percent of our economy as compared to its historical level over the last 50 years of 20.3 percent of the economy.

What is going to happen? Well, CBO has it right there. It is projected to rise on the spending side to 26 percent of the economy over the next several years; then 30, then 40, then 50 percent of the economy on spending alone. We talked earlier about the fact that we have gone from $25,000 per household government spending to $31,000 per household in the last 4 years alone. That spending is projected to grow and grow. If we don't deal with that spending we will never be able to get the budget in balance. That is the top issue. Again, we have to face this before we extend the debt limit again. If we don't, there will be major economic problems.

Look at what Standard & Poor's and Moody's and Fitch—the so-called credit agencies—are telling us. They are saying: Yes, default would be a terrible thing. Let's not default. But they are also saying: If we don't deal with the fiscal imbalance, if we don't deal with the record deficits and debts, there will be major and negative impacts on the economy, and they will be in a position where they may downgrade our debt, which means higher interest rates.

Having tax rates chase spending is not the solution. It will not balance the budget. Moreover, it will not spur this sputtering economy to grow and to create the jobs we talk about today. It will not work to get us back to work. In fact, virtually all economic theories agree that tax increases harm economic growth. When we tax something, people do less of it. That is why we tax smoking. So if we want economic growth, the last thing we should do is to raise taxes on working, raise taxes on savings, raise taxes on investment. These are not the ways to get the economy moving again. Instead, we should be unleashing American entrepreneurs, not putting more taxes on them.

Some suggest we must choose between creating jobs and reining in government. My view is that the opposite is true. Reining in government can help create jobs. The less the government spends, the more money remains

in the private sector for families and entrepreneurs to spend. The less the government borrows, the more savings are available for businesses to borrow in order to expand, as well as for families to borrow for a new home, a new car, or a student loan. Think about it. The government borrowing all this money is like a big sponge soaking up our savings. Today, we are borrowing, again, more than 40 cents of every dollar the government spends. That is harming the economy. Reducing the deficit also reduces the risk of a debt-induced financial crisis that might otherwise dwarf what we have seen happening in Greece today.

But don't take my word for it. Lots of economists have looked at this. There is a great study out there that I encourage people to look at. It is done by the economists Ken Rogoff and Carman Reinhart. Rogoff and Reinhart do something very simple. They go around the world and look at different economies and determine what happens when their debt gets too big for their economy. Their view is that when the debt gets to 90 percent of the size of a nation's economy, it has a substantial negative impact on the economic growth and jobs in that country.

Their data suggests that when the debt gets to 90 percent of the economy, there is a 1-percent reduction in economic growth rates. So instead of our economy growing at 1.8 percent in the first quarter, it should have grown at 2.8 percent. What does that mean? That 1-percent growth would otherwise mean 1 million jobs.

So if we didn't have this huge debt—and right now it is about 93 percent of our economy; it will be at 100 percent of the economy this year—then we would have more jobs. If we look at what Rogoff and Reinhart have said, it means we would have about 1 million more jobs in this country. Could we use those jobs? Yes. We need them desperately.

So there is a connection between this overspending—and this huge gap we have between revenues and spending—and our ability to get this economy back on track.

Over 25 years, by the way, annual growth rates 1 percent lower would leave the economy nearly one-fourth smaller than it would otherwise be. Think about that: a 25-percent reduction in the size of the economy as a result of this debt.

In order to create jobs and growth, we have to balance the budget, and we have to reduce that debt that is now over 90 percent of our economy. There are two ways to reduce the debt's share of the economy: One is to make the debt smaller, and the other is to make the economy larger. We know raising taxes will shrink the economy. Instead, we have to keep tax rates low to create jobs and expand the economy, and we have to reform the Tax Code so it works better.

Again, economists across the spectrum will tell us we can have a better economy if we have a more sensible Tax Code. We must also responsibly reduce government spending, of course, to rein in the debt. Low tax rates and spending restraint will bring prosperity and alleviate this immoral avalanche of debt that we are otherwise leaving in the laps of our children and grandchildren.

I understand some of my colleagues have their own approaches to this—to jobs, to the economy, to the budget deficit. That is fine. Let's have the debate. There are numerous proposals in Congress to reduce spending, balance the budget, and reform entitlements. Instead of voting on political nonbinding resolutions as we have done this week in the Senate, let's have that debate. We have too many important issues. Let's stop fiddling while Rome burns.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, as we discuss the need to bring down the deficit, we should acknowledge a few basics. First is cannot achieve the deficit reduction we need with spending cuts to nondefense discretionary programs alone. They simply aren't large enough to make the difference we need, and the damage we would do to American families from drastic cuts in those programs is simply too great.

Second is that in light of those facts and in the interest of basic fairness, a balanced solution to deficit spending must include revenues as well as spending cuts. If we ask college students relying on Federal aid, workers in need of Federal job training, seniors in need of health care to sacrifice in the name of deficit reduction, so, too, should those who benefit from loopholes and handouts in the Tax Code, including loopholes that often benefit only highly profitable corporations, one of those huge loopholes that benefits corporations that dole out large stock option pay to their executives.

Current law provides an unwarranted tax subsidy to executive stock option compensation thereby increasing the tax burden on working families and increasing our deficit. According to the Joint Committee on Taxation, closing this loophole would reduce the deficit by about $25 billion.

Today, under tax rules for reporting stock options, corporations report stock option expenses on their books when those stock options are granted but use another method to claim a different and a typically much higher expense on their tax returns when the stock options are exercised. The result is, corporations can claim larger tax deductions for options on their tax returns than the actual expense they show on their books for those same options.

Stock options are the only type of compensation where the Tax Code allows a corporation to deduct more than the expense shown on their books. For all other types of compensation—cash, stock, bonuses, and others—the tax return deduction equals the book expense. In fact, if corporations deducted on their tax returns more than their books showed as compensation, it could constitute tax fraud. The sole exception to that rule is stock options. It is an exception we can no longer afford.

The Permanent Subcommittee on Investigations, which I chair, held a hearing in June of 2007, when we examined the stock option tax gap in detail at nine companies. We found that those nine companies claimed tax deductions that were a combined $1 billion greater than the expenses shown on their books. Let me repeat, just nine companies, $1 billion in excess tax deductions.

We were shocked by that finding, and we asked the IRS to calculate the stock option tax gap for the country as a whole. Using actual data from tax returns, the IRS found that for the first full year in which data was available, U.S. companies claimed an excess of $61 billion in stock option tax deductions compared to their book expenses. Since then, IRS data shows that the stock option tax gap has persisted for 5 years. They looked at 2005 to 2009, which was the latest year for which data was available, with the size of the excess tax deductions varying from $11 billion to $52 billion per year. These excessive deductions mean billions of dollars in reduced taxes for corporations wealthy enough to provide substantial stock option compensation to their already well-paid executives and all at the expense of ordinary taxpayers and an increase in the deficit.

It is a tax loophole that is fueling excessive executive pay, increasing the pay gap between millionaires and the middle class, and enabling profitable corporations to avoid paying their fair share to reduce the deficit.

I will soon be reintroducing the same legislation I have introduced in past years to end this misalignment of the Tax Code.

The bill would cure the problem simply by requiring the corporate stock option tax deduction to equal the stock option expense shown on the corporate books. It would not affect the taxes paid by individuals who receive the stock options. It would not affect so-called incentive stock options which receive favored tax treatment under section 422 of the Tax Code and are often used by startup companies.

In addition, the bill would make stock options pay subject to the same $1 million cap on corporate tax deductions that applies to other forms of executive pay. Congress established that $1 million cap so that taxpayers would not have to subsidize enormous paychecks for executives. But the cap can't end that tax subsidy without including stock options. Even if included under the cap, stock options could still be awarded in excess of $1 million, but not at the expense of ordinary taxpayers.

I do not know of any Senator who does not want to reduce the budget deficit. I do not know of any Senator who believes it is wise to subsidize executive paychecks at the expense of working families. But as it now stands, the excessive corporate tax deduction for stock option pay widens the deficit while increasing the tax burden on ordinary taxpayers. By closing this tax gap, by ending the illogical treatment of corporate stock options in current law, we can reduce the budget deficit and bring much-needed fairness to the Tax Code.

Mr. President, I ask unanimous consent that I be allowed to proceed as in morning business for 8 minutes.

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

AHMED WARSAME

Mr. LEVIN. Mr. President, the Department of Justice announced earlier this week that Ahmed Abdulkadir Warsame, an accused member of the terrorist group Al-Shabaab, has been indicted on charges of providing material support to Al-Shabaab and al-Qaida in the Arabian Peninsula, conspiring to teach and demonstrate the making of explosives, possessing firearms and explosives in furtherance of crimes of violence, and other violations of Federal law. He will be tried for these offenses in Federal court in New York.

Warsame is a Somali national who was captured in the gulf region in late April and taken to a U.S. Navy vessel for detention and interrogation. The Department of Defense has stated that the interrogation was conducted by an interagency team comprised of U.S. military personnel, with assistance from the High-Value Detainee Interrogation Group. After the completion of this interrogation and a hiatus of several days, Warsame was turned over to a team of FBI officials for law enforcement questioning, and in that he waived his Miranda rights and continued to talk.

This case appears to be an example of our national security and law enforcement teams working together in the manner we would hope they would toward the twin objectives of collecting critical intelligence information and ensuring a successful criminal prosecution of the detainee.

Published reports indicate that Warsame was captured by American military forces on a boat in international waters between Yemen and Somalia after the United States acquired intelligence indicating that a significant terrorist figure was on board the vessel. Under these circumstances, it was appropriate for the military to detain and interrogate Warsame to obtain actionable intelligence. The United States is currently engaged in military operations pursuant to the 2001 Authorization for Use of Military Force. As the Supreme Court held 7 years ago in the case of Hamdi v. Rumsfeld, the capture and detention of both lawful and unlawful combatants is a ''fundamental and accepted . . . incident to war.'' I understand these interrogations were conducted in a manner fully consistent with the interrogation techniques authorized under the Army Field Manual on interrogations.

Once our national security team determined that the collection of actionable intelligence had been completed, a separate decision was made, on the basis of the specific facts of this case, as to the best forum in which to prosecute Warsame for his alleged crimes.

The indictment sets forth evidence that Warsame violated a number of Federal statutes, including sections of the Criminal Code prohibiting trafficking in explosives, use of dangerous weapons, acts of international terrorism, providing material support to foreign terrorist organizations, and receiving military-type training from foreign terrorist organizations—making him a candidate for prosecution in a Federal court with jurisdiction over such violations.

Warsame also appears to have engaged in acts of terrorism and material support to terrorism, both of which are crimes under the Military Commissions Act, if they are committed ''in the context of and associated with hostilities'' against the United States. What has not been resolved is whether Warsame meets the jurisdictional threshold in the Military Commissions Act of having acted in the context of hostilities against the United States and having engaged in or materially supported such hostilities.

The administration's national security team unanimously agreed that prosecution in Federal court was the better option and the one most likely to lead to a conviction under the facts of this case. Our Federal prosecutors and Federal courts have a proven track record in prosecuting terrorists. Two years ago, the Justice Department informed us that there were 208 inmates in Federal prisons who had been sentenced for crimes related to international terrorism and an additional 139 inmates who had been sentenced for crimes related to domestic terrorism. By contrast, prosecution of the Warsame case before a military commission would have raised a difficult jurisdictional issue that could have resulted in dismissal or even acquittal.

Critics of the decision to try Warsame in Federal court apparently would prefer that he be tried before a military commission, even though he might be less likely to be convicted there due to the jurisdictional issue. I disagree with that position. In my view, the most appropriate forum for trial should be determined, as it was here, on the basis of the nature of the offense, the nature of the evidence, and the likelihood of successful prosecution. The executive branch officials who made the determination in this case are in a much better position to weigh those factors and make that judgment than is the Congress.

By the way, the approach taken by the administration in this case is consistent with the bipartisan detainee provisions included in the National Defense Authorization Act, as reported by the Senate Armed Services Committee last month.

Those provisions would authorize military detention for enemy belligerents captured in the course of hostilities authorized by the 2001 Authorization for Use of Military Force. That authority appropriately encompasses the detention of an individual like Warsame, who is suspected of participation in such hostilities, until such time as the military has been able to interrogate the detainee and make an appropriate status determination. While we may not have enough evidence to prove beyond a reasonable doubt that Warsame participated in hostilities against the United States, we undoubtedly had sufficient evidence to hold him for the time required to interrogate him and obtain the intelligence that our military needs.

The provisions in the Senate Armed Services Committee-reported bill would also expressly authorize the transfer of such a detainee ''for trial by an alternative court or competent tribunal having lawful jurisdiction.'' Indeed, an amendment to delete this authority was defeated in committee by a bipartisan vote of 7 to 19. We decided, in other words, to leave it up to executive branch officials to determine on a case-by-case basis, as they did here, the most appropriate forum for prosecution, whether it be a Federal court or a military commission.

By contrast, the House version of the defense authorization bill includes a provision that would expressly prohibit the trial in Federal court of any alleged foreign terrorist who might be subject to trial by a military commission—even if he is arrested inside the United States. This provision may well be unconstitutional, given that article III of the U.S. Constitution expressly states that:

> The judicial power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority.

Under the plain language of this provision, Congress would appear to lack the authority to exclude the prosecution of violations of the laws of the United States in the Federal courts.

The effort to direct all terrorist cases to military commissions could also be highly counterproductive, providing jurisdictional arguments that defendants could use to seek the dismissal of charges against them. If the House language were adopted, a case in Federal court on a terrorism charge would be at risk of being dismissed on the grounds that it could only have been brought before a military commission, while at the same time, because of the limited jurisdiction of military commissions, the military commission might not have jurisdiction either. In such a case, it would be impossible to prosecute an alleged terrorist in any

forum. The critics of the Department of Justice decision should end their effort to score political points here. The stakes are too high, and if the critics get their way, we might not be able to try some terrorists at all—anywhere.

Some may contend that holding alleged terrorists in the United States for trial could needlessly subject Americans to retaliatory attacks by terrorist organizations. There is no basis for that argument. We have tried hundreds of alleged terrorists in our Federal courts over the last decade. We are currently holding many more—including the Christmas Day bomber, who is being held in my hometown of Detroit. So far as I know, none of these cases have led to retaliatory attacks by terrorist organizations. In any event, we know that al-Qaida and its allies are already seeking avenues to attack us on American soil and would do so if they could. Moving the location of a trial to Guantanamo or some other foreign location is unlikely to deter such an attack.

Last month, ADM William McRaven—the President's nominee to be commander of U.S. Special Operations Command—testified before our Armed Services Committee that a suspected enemy belligerent detained outside the war zones in Afghanistan and Iraq would likely be put on a naval vessel until ''we can prosecute that individual in a U.S. court or we can return him to a third party country.'' Admiral McRaven made it clear later in his testimony that such an individual could also be transferred for trial by a military commission. In other words, we have a choice. We should preserve that choice.

In summary, the Warsame case demonstrates that we do have the capacity to detain and interrogate suspected terrorists in military custody for the purpose of obtaining actionable intelligence, and then to transfer them to an appropriate forum for trial—whether it be a Federal court or a military commission. This case demonstrates that we do not have to sacrifice actionable intelligence for law enforcement purposes, and that we do not have to sacrifice criminal prosecution in order to collect intelligence information. And it demonstrates that we can pursue both of these objectives without being pushed to what Admiral McRaven described as the ''unenviable option'' of having to release the detainee.

The only ''unenviable'' outcome is the one that the critics of the Department of Justice decision would lead us to—prohibiting the criminal trial of suspected foreign terrorists in Federal court and requiring them to be tried by military commissions, even in cases like the Warsame case, where a jurisdictional problem might lead a military commission to dismiss the case.

The action of the administration in the Warsame case is sound. The prosecutorial discretion they exercised as to the best forum for the trial should be preserved and should not be interfered with by the Congress.

I yield the floor.

The PRESIDING OFFICER (Mr. BINGAMAN). The Senator from North Dakota.

Mr. HOEVEN. Mr. President, I rise, along with my fellow colleagues, to again address the need to reduce our deficit and our debt. The United States is the strongest country in the world—in the history of the world—but that will not be the case for long if we do not solve our deficit and our debt crisis. It is vital we solve it now for our generation, but it is vital we solve it for future generations as well.

The wealth, the economic activity of this country, is created by the private sector, by hard-working men and women, not by the government. The government creates the forum, the environment, if you will, that fosters or allows economic activity. But the key is, the government should not just allow economic activity, the government needs to create an environment that truly empowers, that promotes economic activity, that encourages private investment, that encourages entrepreneurship, business expansion and job growth, innovation—the very entrepreneurial activity that has built this country. That is the success of America, that is the strength of our country, that is how America has become the greatest economic powerhouse in the history of the world. That is why our people enjoy the highest standard of living.

But our current administration believes more government is the answer—more spending, more regulation, and more taxes. It is not the answer. That is the problem, and it is making the situation worse.

Let's go through just some of the economic statistics.

Today, we have 13.9 million—almost 14 million—people unemployed. The unemployment rate is over 9 percent. Gas prices, since the current administration took office, are up to more than $3.50 a gallon. That is almost a 100-percent increase in the cost of gasoline. Our Federal debt is closing in on $14.5 trillion. For every man, woman, and child in this country, that is almost $50,000 for every single person. We have 45 million people on food stamps today. Health insurance. In spite of the health insurance legislation, health insurance premiums are rising, and home values are going down.

Clearly, we need to get our economy going. We need to get people back to work. We need that economic growth and dynamism that has been the hallmark of this country.

Clearly, we need to reduce our deficit and our debt. The reality is, we can do it. We absolutely can do it, and we have done it before. But we need to begin with a comprehensive plan to reduce the deficit and the debt. Any agreement to raise the debt ceiling needs to include a comprehensive agreement to reduce the deficit and the debt.

By a comprehensive agreement, I mean something that includes a balanced budget amendment, reduction in spending, and living within our means on an ongoing basis. It means reforming entitlement programs to save them from bankruptcy, not only to protect our seniors today but to make sure those programs are solvent and there for future generations.

All these things and more can go into a comprehensive plan. But we need a comprehensive plan to reduce the deficit, to reduce the debt as part of the debt ceiling issue we need to deal with now—not put off but deal with now.

If we think about it, a balanced budget amendment makes sense. Forty-nine of the fifty States—49 out of 50 States—have either a constitutional or a statutory requirement that they balance their budget—not just this year but every year. States balance their budgets. Cities balance their budgets. Businesses balance their budgets. Families balance their budgets, live within their means. Our Federal Government needs to do the same. Our Federal Government needs that fiscal responsibility, needs that fiscal discipline.

Also, if we think about it, a balanced budget amendment gets everybody involved. It gets everybody involved in Congress. It takes a two-thirds majority in both the Senate and the House to pass a balanced budget amendment. Then what happens? It goes out to the States. It goes out to the 50 States, and three-fourths of the States must ratify that balanced budget amendment in order for it to be approved. So we not only have everybody at the Federal level working to live within our means and balance the budget, but we get all the States involved as well.

This is a challenging problem—no question about it—getting on top of these deficits and our long-term debt not only now but for the future as well. So let's have everyone involved. A balanced budget amendment will do just that.

Of course, at the same time, we have to reduce our spending both now and make sure we continue to live within our means going forward. The statistics are very clear. The statistics right now show that this year the Federal Government will take in about $2.2 trillion in revenue.

So our revenue is about $2.2 trillion, but our expenses are $3.7 trillion. That is about a $1.5 trillion deficit. This year, actually, it will be larger than that number. So you can see that is why our Federal debt now is closing in on $14.5 trillion. We are borrowing 40 cents of every dollar we spend—40 cents of every dollar we spend—and every single day our debt goes up $4 billion. That is simply unsustainable.

That is why any vote to increase the debt ceiling must include a comprehensive plan to reduce our deficit and our debt. No question, we need to control spending, but as we do that, at the same time, in order to truly solve the problem, we have to create, as I said at

the outset, a government environment that not only encourages government investment but empowers private investment across our Nation.

This next chart shows some of the challenges—barriers, if you will—to doing that. We need legal, tax, and regulatory certainty to encourage private investment. A probusiness, progrowth, projobs environment is one that creates legal, tax, and regulatory certainty to not only encourage but empower private investment.

One of the ways we do this is by reducing the regulatory burden. We have an incredible regulatory burden at the Federal level. We need to find ways to reduce that. That is what this chart shows.

Earlier this year, President Obama issued an Executive order that proposes to review regulations that may be outmoded, ineffective, insufficient, or excessively burdensome, and also to modify, streamline, or even repeal them. Just a week ago, he said again:

> What I have done—and this is unprecedented—is I have said to each agency, look at the regulations that are already on the books, and if they don't make sense, let's get rid of them.

That is what he said. I absolutely agree with that. Yet, over the past 2 years, the administration has issued 502 proposed or enacted regulations and is on pace this year to exceed $100 billion in total regulatory cost burdens to industry. That is a huge regulatory burden.

This chart shows the cost of major new regulations in billions of dollars over the last 30 years. As you can see, when the cost of regulation is low, the economy is strong, and when the cost of regulation is high, as it is now, the economy is weak; more important, job growth is weak. Look at 2010. In 2010, you see the highest regulatory burden, in adjusted dollars, in the last 30 years. How did our economy do in 2010?

Senator ROBERTS, my colleague from Kansas, myself, and others have taken the President up on his pledge to review these regulations. We have introduced the Regulatory Responsibility For Our Economy Act, a measure that would give teeth to the President's directive. Regulators will have to show the benefits of a new rule and show that the benefits outweigh its cost. They will have to show that it imposes the least burden on society and that it maximizes economic benefits. That is an approach which would not only encourage but truly empower private investment.

Let me give you another example of what I am talking about with the regulatory burden—again, trying to create that legal and tax certainty that stimulates the private investment we need to get this economy going, not more government spending. We are spending way beyond our means. What I mean is, more private investment that gets this economy going, gets people back to work, and generates revenue, which will help us, over time, reduce our debt.

When we talk about onerous regulations, a key area of the economy that is incredibly overburdened and where we see a prevention of investment because of the regulatory burden is the energy industry.

My next chart illustrates the long reach of the EPA and how it is sidelining and dampening job growth in the energy sector. It shows a long, complex obstacle course, if you will, of expensive standards and procedures and regulations that are not only being implemented now but will go on for the foreseeable future.

How would you like to be an energy company looking at investing and putting hundreds of millions, billions of dollars into new plants and investments, whether it is producing oil and gas, whether it is biofuels or biomass—you name it—how would you like to make those investments on behalf of your shareholders and have some idea what rate of return you are going to be able to get and what rules of the road you are going to have to follow?

This is just a small sampling of the regulations that are now coming into being and will continue to come into place for the foreseeable future. At a time of high oil prices, unrest in the Middle East, and sluggish economic growth, we are not only failing to provide Americans with affordable energy for their homes and vehicles, but we are actually discouraging the very investment that will make it happen, and this is just one small example.

To remedy that, we need new legislation. I know the occupant of the chair and others are working on a lot of new legislation that will streamline regulations and encourage investment.

I will give just a couple of examples. One of them I am working on with Senator JOE MANCHIN from West Virginia. He introduced it, and it is called the EPA Fair Play Act. It would prohibit rescinding properly approved 404 permits. When EPA approves a 404 permit for mining, it says you can't arbitrarily withdraw that permit. So a company that has invested millions or billions of dollars can't find itself high and dry after it has already gotten the proper permit.

Another example of legislation that we have introduced that would make a difference is Defending America's Affordable Energy and Jobs Act. The primary sponsor of that is Senator JOHN BARRASSO of Wyoming. This legislation ensures that Congress makes the call on regulating greenhouse gases, not the EPA through regulatory fiat.

Another example is the Gas Accessibility and Stabilization Act, which I am pleased to cosponsor with Senator ROY BLUNT of Missouri and others, which will simplify the complex rules and regulations that govern refining and distribution of fuel throughout the United States.

There are many other examples I could give as well.

The point is, with 14 million Americans out of work, we can no longer delay. It is not just regulations, it is legal, tax, and regulatory certainty that will empower investment by entrepreneurs and companies all over this great Nation.

We don't just have to talk about regulations. Let's talk about trade for a minute. Right now, we have three trade agreements pending: the United States-South Korea Free Trade Agreement, the free-trade agreement with Panama, and another one with Colombia. These agreements have been pending since 2007. The benefit of these agreements, for example, is that they would generate more than $13 billion a year in economic activity for this country and create up to 250,000 American jobs. If we fail to act, we will lose on the order of 380,000 jobs to the European Union and Canada, which have already approved their trade agreements. Why aren't we dealing with those trade agreements now, when we have 14 million people out of work, when we have an economy we need to get going, and when we have huge deficits and debt, increasing at the rate of $4 billion a day?

Well, the deadline on the debt limit is fast approaching. The time to act is now. The simple truth is this: We cannot continue to spend more, tax more, and regulate more. It is time to control our spending and create an environment that unleashes the entrepreneurial power and spirit of the American people. We can do it. In fact, we have done it before. We just need the will to act for ourselves today and for the benefit of future generations.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Mr. President, let me begin by referring to the front page of today's Washington Post. The headline is ''Obama: Social Security on table. Cuts offered in debt talks.''

Mr. President, I hope very much that headline is wrong because, in fact, Social Security, which is perhaps the most successful Federal program in the history of our country, has not contributed one penny to our deficit or our national debt. The idea of lumping Social Security and cuts in Social Security into a discussion about our deficit and our national debt is absolutely wrong and unfair to the tens of millions of seniors and people with disabilities who benefit from that program.

As you know and as the American people know, Social Security is independently funded through the payroll tax. Every worker and every employer contributes into that fund. Social Security, today, has a $2.6 trillion surplus that is projected, in fact, to grow to over $4 trillion by 2023.

We, of course, need a vigorous debate about how we deal with the deficit crisis and our national debt, but Social Security, independently funded, with a $2.6 trillion surplus, having not contributed one nickel to the national debt, should not be part of that debate.

I understand there are many people in the Senate—many of my Republican

colleagues—who do not like Social Security, who do not believe in Social Security because, essentially, they do not believe the government should be involved in retirement insurance for seniors or people with disabilities. I respect their point of view. I very strongly disagree with it.

The real problem they have is that Social Security is enormously popular. Poll after poll shows that the American people do not want to see Social Security cut, they do not want to see the retirement age raised, and they most certainly do not want to see Social Security privatized because, in fact, Social Security has succeeded. It has accomplished the goals of those people who founded that program in the 1930s. In the 1930s, about half of America's senior citizens lived in poverty. Today, that number, while it is too high, is down to 10 percent. More important, given the incredible instability in the economy we have seen for decades—especially in the last few years—where millions of people have lost some or all of the retirement savings they had invested in Wall Street, over the last 75 years, not one American has lost one dime he or she was entitled to in terms of Social Security benefits. That is a pretty good record—every American, getting every penny that was owed to him or her for 75 years. It is a program that has worked. It is a program that is working today. It is a program that can pay out every benefit owed to every eligible American for the next 25 years. It is a program that should not be cut.

But more to the point, in terms of President Obama, one of the problems we have as a nation is that it is no great secret that many of our people are losing faith in government, for a whole lot of reasons. But certainly one of the reasons is that politicians say one thing and they do something else. They campaign on a certain promise, they give a speech, everybody applauds, and 2 years later: Well, I guess I have to change my mind; I can't quite do this.

Let's be clear: When President Obama ran for the Presidency in 2008, he was a strong advocate of Social Security. He made it very clear to the American people he was not going to cut benefits. Let me quote from a speech the President gave—he was then-Senator Barack Obama—on September 6, 2008. This is what he said:

> John McCain's campaign has suggested that the best answer for the growing pressures on Social Security might be to cut cost-of-living adjustments or raise the retirement age. Let me be clear: I will not do either.

''I will not do either.'' Today's Washington Post: Obama: Social Security on table. Cuts offered in debt talks.

Mr. President, on April 16, 2008, candidate Obama said:

> The alternatives, like raising the retirement age, or cutting benefits, or raising the payroll tax on everybody, including people making less than $97,000 a year——

And that is now up to $106,000 a year——

> those are not good policy options.

On November 11, 2007, candidate Obama said:

> I believe that cutting [Social Security] benefits is not the right answer; and that raising the retirement age is not the best option.

The American people expect the President of the United States to keep his word.

Now, again, I am not privileged to the discussions that may be going on right this moment in the White House about some grand national debt negotiations. All I can tell you—and it may be accurate, it may not; the media has been wrong once or twice in history—is that according to today's Washington Post, the President is considering lowering cost-of-living adjustments for Social Security recipients, even though, by the way, Social Security recipients have not received a COLA in the last 2 years.

So let's be clear: Today, despite significant inflation on health care costs and prescription drugs, the fact that seniors have not received a COLA in 2 years, the fact veterans have not received a COLA in 2 years, apparently, the President, in negotiating with Republicans, is considering lowering COLAs in the future.

It is important to understand what that means. According to the Strengthen Social Security Campaign, which is a coalition of senior groups who are working hard to protect Social Security, changing the way Social Security cost-of-living adjustments are calculated—as the President may be considering—and again, I do not want to make a definitive statement. All I am doing is telling you what is on the Washington Post's front page today. Is it true? I can't say. But if it is true, this would cost senior citizens hundreds of dollars a year in lower benefits.

The Congressional Budget Office estimates that the adoption of the so-called ''Chained CPI''—and this is a different formulation. I happen to believe, and I have introduced legislation to this effect, the current COLAs for seniors are not accurate and are too low because they do not, in a realistic way, measure what seniors are purchasing, which, to a significant degree has to do with health care and prescription drugs. When you are old, you are not primarily buying laptop computers or big television sets. You are often spending a lot of your money on health care, prescription drugs, and those costs are going up. So I think today's COLA is too low and it does not reflect the real purchasing needs of seniors.

According to the CBO, if in fact the government adopted the so-called ''Chained-CPI''—which is a different formulation that is even lower than the current inadequate formulation—annual COLAs under this proposal would cut benefits by $112 billion over 10 years.

Here is the important point for individuals. The Social Security Administration Chief Actuary estimates the effects of this change would be that beneficiaries who retire at the age of 65 and receive average benefits would get $560 less a year at age 75 than they would under current law and get $1,000 less a year at age 85.

People are living longer. Many of our people, God bless them, reach 75, even reach 85. To say to somebody when they reach 85, and they don't have a whole lot of money, that as a result of these cuts they will get $1,000 a year less is totally, to my mind, unacceptable and not something that should be supported by the President or by any Member of the Senate.

The American people, despite what many of my Republican friends are saying, are pretty clear on some basic issues regarding how we address the serious problem of our national debt and our deficit. What the American people say in poll after poll after poll—and they say it to me on the streets in Burlington, VT, or any other place in Vermont that I go—is that we must have shared sacrifice; that at a time when poverty is increasing in this country, when we have the highest rate of childhood poverty in the industrialized world, when millions of workers are working longer hours for lower wages, when unemployment is sky high, when seniors have not received a COLA in 2 years, when young people are finding it hard to get any jobs at all, it is immoral and bad economics to do deficit reduction on the backs of those people—of working families, of children, of the elderly, of the sick, of the poor.

Overwhelmingly, the American people say that is wrong, especially at a time when the wealthiest people have never had it so good and when corporate profits are soaring.

Mr. President, you may have seen an article on the front page of the New York Times a few days ago. Last year CEOs of major corporations have seen a 23-percent increase in their compensation packages—23 percent. We are in the midst of a horrendous recession, where real wages for American workers are going down, but CEOs are doing great, Wall Street is doing great, corporate profits are soaring, and we have dozens of corporations that make huge profits and don't pay a nickel in taxes.

We have a military budget that is three times higher than it was in 1997. So the vast majority of the people say—and they say it in polls all over the place—we need to go forward with shared sacrifice. Not as the Republicans suggest—cutting programs for the most vulnerable people in this country, throwing millions of kids off Medicaid, ending Medicare as we know it now, and making it impossible for working class families to send their kids to college. That is not what the American people are saying.

A recent survey by Public Policy Polling in swing States asked the questions. When voters in Ohio—this is just

the other day this came out—were asked this spring if they would support or oppose cutting spending of Social Security to reduce the national debt, only 16 percent favored that approach compared to 80 percent who were opposed, with similar, identical results, or very close results in States such as Missouri, Montana, and Minnesota. That was just out in the papers yesterday. Meanwhile, strong majorities, including Republicans, favor increased revenue from the wealthiest Americans and most profitable corporations being a part of any deficit reduction package.

So let me conclude by saying that I hope very much President Obama does not reach any agreement with the Republicans which includes cuts in Social Security. Social Security has not contributed one nickel to our national debt. It is a successful program and widely supported by the American people who are benefiting from it every single day. More to the point, President Obama, when he campaigned for office, made it clear when he told the American people if he was elected President he would not be cutting Social Security, and the American people expect him to keep his word.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, yesterday I spoke about the matter of tax expenditures, and I would like to expand on that topic today. They are becoming a critical issue in negotiations over the debt ceiling.

First, Mr. President, I ask unanimous consent that I be permitted to finish my remarks.

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

Mr. HATCH. Mr. President, Democrats say they want to eliminate tax expenditures. They refer to them as loopholes or spending through the Tax Code. This might be a good political argument, but it bears little relationship to the understanding of tax expenditures and tax law or tax policy.

Yesterday, I outlined a general definition of tax expenditures. They are most definitely not spending through the Tax Code, as President Obama so creatively put it, and they are most definitely not, by and large, loopholes. Rather, they were intentionally included in the Tax Code by Congress in order to realize certain policy goals.

Tax expenditures are an opportunity for families and businesses to keep more of their income. Unfortunately, rather than have a serious conversation about tax expenditures and tax policy, President Obama and his liberal allies are intent on setting new ground for juvenile public discourse.

Faced with a $14.3 trillion debt—and going up every day—Social Security and Medicare Programs that are set for bankruptcy—ruining America's seniors—and a legitimate fiscal crisis that poses a clear and present danger to the Nation's security and the security of America's families and businesses, President Obama is again talking about shared sacrifice. Well, I like the term. The only thing is, I would prefer to have shared prosperity because all we are going to get out of this administration is shared sacrifice, which means everybody is going to suffer. I would like to have shared prosperity where everybody is lifted.

The first time we really started hearing about this concept of shared sacrifice was in the debate over ObamaCare. For those who are unfamiliar with Washington-speak, this is what the President meant by shared sacrifice: I am going to raise taxes on families and businesses by over $½ trillion, and I am going to do it by shaking down businesses.

He made them an offer they couldn't refuse: Pay up now or pay up more later. So when we started hearing again about shared sacrifice, we knew what was coming: more proposals for tax increases. But I have to say I remain shocked at how ham-fisted most of these proposals are. They are nothing but a series of bad talking points that can be used for the President's reelection campaign. These talking points were tired by the end of the 1936 Presidential election.

I would not be surprised to see President Obama dust off Franklin Roosevelt's speeches and start railing against economic royalists by the end of the debt limit negotiations.

Sadly, the Senate's leadership has followed suit. After making a big to-do about keeping the Senate in session to address the fiscal crisis, we are spending this week debating a nonbinding resolution demanding higher taxes on millionaires. Really? The Democrats' solution to $14.3 trillion in debt is to attack corporate jets. Seriously? Three billion dollars over ten years. The last time they did that, they wound up with their tails between their legs in 1990, and in 1993 had to reverse the whole thing because it cost thousands of jobs.

I never underestimate liberals' lack of respect for the intelligence of the American people, but this is a new low. Do they think that ordinary Americans are so consumed with class hatred that they will respond like Pavlovian dogs to the criticism of corporate jets, and forget that it was programmatic liberalism, not bonus depreciation of corporate jets or tax benefits to energy companies, that got us into this debt crisis?

This is how the left perceives Republicans. They want to score some cheap points against Republicans by going after corporate jets, as though all Republicans love corporate jets. I would venture to say that an awful lot of corporate jets are owned by very wealthy Democrats. What are we going to get next week, a tax on monocles and top hats? Maybe we will spend next week debating a nonbinding resolution on the need to tax madras blazers for the good of the country.

Unfortunately, not all of the Democratic proposals are a laughing matter. They have been down this road in the past pushing tax increases on luxury items such as yachts. Today, the press ridiculed Republicans for ''defending the yachting class.'' There is no yachting class in this country, unless you count the Democratic party of Martha's Vineyard.

But there is a class of people who build yachts. This is what happened to those people the last time the Democrats engaged in class warfare of this kind. In the 1990 budget deal, a new luxury excise tax was created applying to yachts, aircraft, jewelry, and furs, first applying to the 1991 year. The similarities are eerie.

Faced with soaring deficits, Democrats insisted that revenues be part of the equation. And how did this work out? The tax was repealed in 1993 because, as the Democratic-controlled Senate Finance Committee report, as reported by the Budget Committee, explains:

> During the recent recession, the boat, aircraft, jewelry, and fur industries have suffered job losses and increased unemployment. The Committee believes that it is appropriate to eliminate the burden these taxes impose on the interest of fostering economic recovery in those and related industries.

Republicans are not defending the yachting class. They are defending the people whose jobs will be lost to Democratic class warfare.

Of course, the left cannot contain themselves to these targeted tax increases. Today we read in the paper that the President is eager to reform Social Security. Yet it appears he is only willing to do so if we let the 2001 and 2003 tax cuts expire, tax cuts which only last December the President acknowledged were necessary components of our economic recovery.

I would not be surprised to see the old Democratic hobby horse, an increase in the Social Security tax max, make an appearance in the Democrats' list of demands.

These are nonstarters, and everyone understands why. These broad-based tax increases would be a weight around our economic recovery.

But the issue of tax expenditures continues to cause confusion and must be addressed. Those who advocate limiting or eliminating these tax expenditures suggest that they are spending and loopholes that benefit wealthy individuals.

Yesterday, I offered a grown-up definition of what a tax expenditure is. Today, I wish to highlight what are in fact the top tax expenditures. What we will find is that the tax expenditures that would generate the largest amount of revenue are also those that are available to the middle class, enabling them to give to their churches and synagogues, and to save for a home, for college, and for retirement. To get at meaningful deficit reduction, Democrats would have to eliminate these expenditures. Is that what they want to do? That might be a good question at the President's next press conference. Maybe someone could give him

a copy of this chart right here, and ask which of these tax expenditures he is willing to eliminate in the interest of deficit reduction:

No. 1, exclusion for employer-provided health care. Is he going to get rid of that? That is 13 percent of all tax expenditures.

How about home mortgage interest deductions? Is he going to get rid of that? That is 9 percent.

How about preferential rates for dividends and capital gains? That is 8 percent.

Exclusion of Medicare benefits. Are they going to do away with that? That is 7 percent.

Net exclusion of defined benefit pension contributions and earnings. Are they going to attack our pensions? That is 6 percent.

And earned income tax credit. My gosh, that is 5 percent.

Deduction for State and local taxes, except real property. That is 5 percent.

No. 8, net exclusion of defined contribution/earnings. That is 4 percent.

How about No. 9, exclusion of capital gains at death? That is 4 percent.

And how about No. 10, deductions for charitable contributions? That is 4 percent.

I venture to say hardly any American is going to want to do away with all of those in the interest of getting more revenue so the Democrats can spend it back here.

Look at that chart. It is a list of the top 10 tax expenditures. Maybe someone can give him a copy of this chart and ask which of these tax expenditures he is willing to eliminate in the interest of deficit reduction. I encourage all my friends to look at this chart. It is a list of the top 10 tax expenditures.

With the rhetoric coming out of the White House, you might be surprised to learn that tax benefits for yachts and corporate jets are not in the top two. Not only do they not make the top 10, they don't even come close.

If you take the so-called savings that would come from the corporate jet tax approach of the President, it would take us 3,000 years to even reach the approximately $800 billion stimulus package. In the context of the President's trillion-dollar deficits, they are statistical noise.

So what are the big tax expenditures?

No. 1 is an issue from the ObamaCare debate. It is the exclusion for employer-provided health insurance. The exclusion of employer-provided health insurance from income is the single largest tax expenditure, representing 13 percent of tax expenditures.

Yesterday a Member of the other side's leadership pointed out that the largest tax expenditure is one for corporations. Boy, is he wrong. Here is what he said:

> The biggest single deduction is the employer's exclusion for health care premiums. So employers are able to exclude from income the amount of money they spend for health insurance for their employees. That's the biggest.

Well, that is an incorrect description of the law that they are arguing. Employers always have been allowed, and should be allowed, a deduction for the cost of benefits they provide to their employees. Employee compensation, including the provision of health insurance to one's employees, is a cost of doing business and thus properly deductible by the employer so as to accurately measure the income, or profit, of the employer. That has never been considered a tax expenditure. The exclusion at issue, which is a tax expenditure, refers to the employee's tax treatment, not the employer's tax treatment. That is, most compensation that an employee receives from his employer is includable as taxable income. One of the few exceptions to that general rule is that employees do not include in taxable income the value of employer-provided health insurance.

Coming in at No. 2 is the home mortgage interest deduction. This expenditure alone accounts for 9 percent of all tax expenditures.

The third largest? There we have the lower rate on capital gains and dividends. Do away with this expenditure, and the rate on capital gains and dividends will almost triple in about 18 months. Capital gains and dividends represent about 8 percent of all tax expenditures.

What is No. 4? Here we have an untaxed piece of Medicare benefits. Imagine that. I wonder how many folks on the other side realize this or even if the President does. When my friends on the other side categorically talk about cutting back tax expenditures as the yellow brick road to deficit reduction, I wonder if they know that hiding behind the curtain is an increase in the aftertax cost of Medicare.

Do my friends on the other side realize this? A few months ago, a liberal group ran an ad showing my friend, the chairman of the House Budget Committee, PAUL RYAN, pushing an old woman in a wheelchair over a cliff. His crime? Recommending policy changes that would prevent the inevitable bankruptcy of Medicare.

I am not going to hold my breath waiting for this same group to pull the fire alarm, because the Democrats' talk of eliminating tax expenditures might result in seniors getting hit with higher taxes on Medicare benefits. But this is what the President and the Democrats are talking about. If they are serious about using tax expenditures to reduce the deficit, these are the things that will have to be on the table. These are the big expenditures. This expenditure is real. You can look it up in the handy tax expenditure publication from the nonpartisan Joint Committee on Taxation. It is significant, representing 7 percent of all tax expenditures, to the exclusion of Medicare benefits.

At No. 5 is the pre-tax treatment for defined benefit pension plan contributions and the inside buildup on the accounts. This is a tax benefit that reduces the cost for those workers who make the decision to save for retirement. This represents 6 percent of all tax expenditures.

What is No. 6? It is the refundable earned income tax credit, the EITC. When folks describe tax expenditures as spending through the Tax Code, this is one that could properly be labeled that way. Under congressional budget rules, this one, for the most part, scores as spending. That is not the case with the other tax expenditures on this list. Refundable tax credits score as spending because the government cuts a check to the taxpayer. With the other tax benefits on this list, the taxpayer is receiving a portion of the money back in the form of reduced taxes. There are some serious tax hikes there. This tax expenditure accounts for 5 percent of tax expenditures.

No. 7 is the deduction for State and local taxes. My friends on the other side need to be particularly careful with this one. So far, they would hit seniors, families who have health insurance through their employers, people with mortgages, and anyone who owns stocks and bonds. But with this, many Democrats risk alienating every last taxpayer in their States. Removing this deduction is going to hit high-tax States hard. If you are from a so-called blue State, it is likely that constituents are already heavily burdened with State and local taxes. Take away this and you will, in effect, drive up the marginal rate of your constituents who take their deduction by as much as 35 percent.

I am convinced that many of the inroads Democrats made between 2006 and 2008 were due to carefully crafted Trojan horse campaigns. Skillful operatives ran Democratic campaigns promising moderate tax and spending policies that would be respectful of families and businesses. But once that Trojan horse got inside the Capitol, and former Speaker PELOSI and President Obama took charge, frustrated liberals spilled out and started taxing anything that could move to pay for the largest expansion of government since Lyndon Johnson was in office.

Removing the deduction for State and local taxes might be the final act that restores purple America to its traditional red hue. At 5 percent of all tax expenditures, this would represent a massive tax increase, this net exclusion of defined benefit pension contribution. And that is No. 7, after State and local taxes, except for real property.

What is No. 8? This is the pre-tax treatment for the contributions workers make to their defined contribution plans and the inside buildup on the accounts. Many of us know of these retirement plans as 401(k) plans. At 4 percent of tax expenditures, this is a significant incentive to families to save for retirement.

No. 9 is a bit more obscure but no less critical for families. It is the tax expenditure for the step up in basis at

death. We all know the saying that nothing is as certain as death and taxes. Well, if this tax expenditure were eliminated, this step up in basis at death, this saying would take on an even darker meaning. Death could now be taxed twice. First, the decedent's estate might get hit with the death tax. Then the decedent's heirs would be taxed again on the gain embedded in any inherited asset should they decide to sell. This accounts for 4 percent of tax expenditures.

We close with No. 10, the tax expenditure and probably the most important one to my constituents in Utah. It is the tax benefit for donations to charities other than education and health care institutions.

When you make your weekly or yearly donation to your church, you can now deduct it for tax purposes. This charitable deduction represents 4 percent of all tax expenditures. The folks in my State all pay tithing—almost all of them. That is 10 percent of their gross income. I do it every year. I have to tell you, you would hit a lot of very charitable people and a lot of churches with the loss of that one, No. 10. Yet that is the smallest of the whole 10.

As the chart shows, these widespread everyday tax policies account for almost two-thirds of tax expenditures. We are not talking about yachts or corporate jets.

Now, I have already suggested it, but rolling back many of these expenditures would have an immediate adverse impact on American families and taxpayers.

It would also undercut longstanding Federal policies promoting saving, home ownership, and charitable giving.

Let's turn first to retirement security.

About half of Americans save for retirement. The overwhelming bipartisan consensus is that this number is way too low. Ideally, all American workers would be saving for retirement.

More savings means less financial stress on Social Security and Medicare. Most importantly, it means retirees can enjoy their retirement if they can rely on a nest egg. That is why there has been a bipartisan desire to incentivize retirement savings through worker participation in retirement plans.

A time-honored method has been to offer a tax benefit up front in the case of the traditional defined benefit plan, traditional defined contribution, or traditional IRA. The benefit remains untaxed during the individual's working years. It is only taxed when received in retirement. By contrast, Roth pension plans and IRAs provide a tax benefit on the back end, when a worker retires and begins drawing on the account.

Former Finance Committee Chairman William Roth captured the policy rationale best by noting the deliberate tax policy bias toward savings. Chairman Roth used to make the point with a rhetorical question. He would ask: ''Is there any bad saving?''

Of course, the answer is no.

One thing we know for sure. Curtail or eliminate the tax expenditure for retirement savings and the after-tax cost of savings will rise. Savers will react. It is true that some will continue to save. But it is also true they will have less to save if they choose to do so. For middle income taxpayers, it will probably mean lower savings rates.

Is that a good policy to put in place?

Consider this: According to the Joint Committee on Taxation, for 2009 over half of households paid no income tax. Forty-nine percent of Americans shouldered 100 percent of the income tax burden.

The half shouldering the income tax burden are also, generally speaking, the part of the population making sound personal decisions like saving for retirement. That behavior is good in both a micro and macro sense. In the micro sense workers are sacrificing current consumption for security and a better standard of living in the future. In a macro sense, the collective behavior of these citizens stabilizes our aging society.

To encourage this kind of sacrifice, our tax policy provides a tangible tax benefit. Take away that tax benefit and, as with raising taxes on anything else, you will get less of the behavior. Take away the tax benefit, and you will get less saving for retirement. Does that make any sense?

In order to avoid restraining the rapid growth in government spending, our friends on the other side would have us send the wrong policy signal to the half of our population that saves. They would add to the burden of those who are already shouldering the entire burden of funding the Federal Government. At the same time, by discouraging saving and personal responsibility we would further unleash the appetite of those who want us to spend more.

Take another look at the chart. Add up the tax expenditures from defined benefit plans and defined contribution plans. They account for 10 percent of tax expenditures. Over 5 years, the revenue from these expenditures amounts to almost $700 billion. On a per-year average basis, it is $140 billion. That is an annual policy shift of $140 billion in incentives for private savings to $140 billion in incentives for growing government spending.

Do we want a society where more saving is encouraged? Or do we want a society where dependency and more government spending are encouraged?

Do we want to look more like Switzerland or do we want to look like Greece?

The answer to this question is clear to the citizens of this country.

Unfortunately, not all of their representatives seem to have thought through the implications of going after tax expenditures.

To get at this from another angle, I would like to discuss the impact on taxpayers of cutting back some of these tax expenditures that come in the form of itemized deductions.

I am going to examine the effects of cutting back these itemized deductions by applying President Obama's budget proposal to cap itemized deductions at 28 percent.

It is clear that some in the White House are pushing this 28 percent cap hard in the negotiations over the debt limit.

As noted before, itemized deductions generally are considered tax expenditures. But itemized deductions impact a number of basic, longstanding features of American life. Itemized deductions include the home mortgage interest deduction, the charitable contribution deduction, and the State and local tax deduction. The President is proposing to chisel away at these itemized deductions, and we should carefully reflect on what that would mean.

President Obama has proposed repeatedly ''to limit the tax rate at which high-income taxpayers can take itemized deductions to 28 percent.'' It appears that this proposal is designed to lessen the benefit to higher income taxpayers of itemized deductions. The Joint Committee on Taxation says that this provision would mean the Federal Government would collect an additional $293 billion in taxes over 10 years.

True to form, this is just another version of the same soak-the-rich play that the left has been running for decades. From their perspective, it is unfair that higher income individuals get a more valuable tax benefit than lower income individuals? But this perspective mischaracterizes a critical issue. The 35 percent bracket was established by Congress with an understanding that itemized deductions would allow a significant tax benefit. Had Congress known that higher income taxpayers would be disallowed some of their itemized deductions—as the President now proposes—undoubtedly Congress would have set that bracket at lower than 35 percent.

So, taking away some of the benefit of itemized deductions for higher income taxpayers, while leaving the high-income tax rates at their current levels, upsets the balance struck by prior Congresses. Obviously, Congress is allowed to do this, but let's not pretend that these expenditures are loopholes or oversights by prior Congresses. The President and the Senate's Democratic leadership are free to do this if they choose, but they should at least come clean about what they are doing. They are significantly raising taxes on the people who are already shouldering the lion's share of the Federal income tax burden—98 percent of them, as a matter of fact.

Even aside from the staggering character of this tax increase—one that would clearly violate President Obama's campaign pledge not to raise taxes on middle class Americans the macroeconomic impact of this cap is negative at best.

President Obama's 28 percent cap would reduce the benefit from the home mortgage interest deduction. For 5 years now, our Nation has been experiencing a bursting of the real estate bubble. Current headlines indicate that this trend will continue for a time. Limiting the value of the home mortgage interest deduction would apply additional downward pressure on home prices—not only for high end homes, but for all homes. By repeatedly proposing to limit the benefit of the home mortgage interest deduction, is it the President's intent to further depress housing prices, or is this mere collateral damage from his desire to raise taxes.

But the damage from this cap does not stop at the housing market. President Obama's 28 percent cap would also reduce the benefit from the charitable contribution deduction. This would almost surely reduce the amount of contributions people would make to churches, synagogues, temples, soup kitchens, shelters, universities, and museums. Is that the President's intention? Does the President know that these revenues might never materialize because the elimination of this deduction will step up pressure for direct government assistance for the poor, for students, and for the arts?

Finally, this cap would reduce the benefit of the State and local tax deduction. I touched on this point earlier. High-tax States are able to soften the blow of their high taxes by pointing out to their citizens the Federal deductibility of such taxes. So, my colleagues from high-tax States might want to talk to their governors about the impact the President's proposed cap would have on State and local public finance.

I want to be clear about something. Our Tax Code is a colossal, awful mess. And tax expenditures must be a part of any conversation about tax reform. But I want to emphasize that the conversation about tax expenditures should happen in a conversation about broad based tax reform—reform that flattens the code while lowering rates.

The conversation about tax expenditures should be a sober one in the context of a meaningful discussion about tax policy. Unfortunately, the President has chosen instead to target tax expenditures willy nilly with little regard for the policy implications of these tax hikes.

Make no mistake, whatever the President wants to call it—reducing spending through the Tax Code, closing loopholes, or making people pay their fair share—these are tax increases plain and simple. And they are tax increases on the middle class.

There has been some criticism in recent days about Republicans for their commitment to a pledge many of them took against any net tax increase.

I have to admit I am at a loss here.

Conservative Republicans, convinced that taxes are already high enough, promise their taxpaying citizens that they will never support a net tax increase.

They gave their constituents their word, and are sticking to it.

Meanwhile, President Obama, who promised not to raise taxes on the middle class when running for office, vows to break this promise at every opportunity.

And yet it is the conservative Republicans who are somehow lacking integrity? Hardly.

I don't care how many blows I take from sophisticated Washingtonians and professional leftists for sticking by my pledge to the people of Utah. I will resist any effort by the President to include tax increases as part of the deal to increase the debt ceiling. I will do so for a number of reasons. First, our Tax Code needs a fundamental overhaul. It is a complicated mess that is lacking in fundamental fairness. Yet the President's proposal to reduce tax expenditures for deficit reduction, is a proposal to maintain a tax code that grows more burdensome by the day. The President's proposal essentially robs the government of the revenues that it might use later to flatten the Tax Code and lower rates.

More importantly, I oppose the President's proposed tax hikes as a matter of principle. Flattening the tax base without any offsetting rate reduction is a tax increase.

My friend, the ranking member on the Senate Budget Committee, Senator SESSIONS captured the point well in an interview the other day. I will quote Senator SESSIONS:

> We have to be honest and recognize that if you are going to eliminate systematically a host of deductions and keep the money or spend it for new programs, then you've raised taxes. . . . It just is unless we've changed the English language.

The campaign against tax expenditures is a campaign for a tax increase.

It is a tax increase that could send the wrong signal to those Americans who sacrifice current consumption and save for retirement. It could raise the bar for those Americans who want to experience the American dream of home ownership. It would mean the residents of high tax States would face even higher State and local taxes. And it could mean a cutback back in the volume of charitable giving.

This is shared sacrifice that the Nation cannot afford.

I prefer shared prosperity by cutting taxes and giving the small businesses and businesses the opportunity to use that money to hire people and get people working and get more people paying taxes. I think it is abysmal that the bottom 51 percent do not pay income taxes, and 23 million of them get refundable tax credits from the government that are far more than the payroll taxes they might have to pay, which are Social Security payments.

I listened to my colleague from Vermont saying we cannot do anything on Social Security, we cannot do this, cannot do that, the poor people are going to be hurt. Where are they going to be when Social Security is bankrupt? Where are they going to be when Medicare and Medicaid are bankrupt? The way we are going, that is where they are going to be.

We cannot keep spending like this, and we have to quit playing the phony game with tax expenditures.

All I can say is we have to get with it around here and we have to start working together as Democrats and Republicans in the best interests of the American people, and that is reforming this awful Tax Code, getting taxes down for everybody, and taking care of the poor but also expecting everybody to have some skin in the game—except the really poor—and help our country pull out of the mess we are in.

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

The PRESIDING OFFICER (Mr. FRANKEN). Without objection, it is so ordered.

The Senator from Wyoming.

Mr. BARRASSO. I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection.

SECOND OPINION

Mr. BARRASSO. Mr. President, I come to the floor, as I have week after week since the health care bill was signed into law, with a doctor's second opinion about the health care law because the President repeatedly made promises to the American people as the health care bill was being debated and even after the health care law was signed. He promised to improve, not hurt, the quality of medical care in this country.

We now know the President's health care law actually makes the problem of health care in this country worse. In fact, since this bill was signed into law, we have learned that it makes the cost of health care worse. We know it makes the American's ability to get health care worse and the ability of individuals to keep the care they like—it makes their ability to keep that care worse.

Today, I would like to first talk about the cost of care.

President Obama promised American families they would see their health insurance premiums go down because of the health care law, and he actually told them they would go down by over $2,000 per family. Well, now we know that is not the case. In fact, Americans have seen their premiums increase 19 percent since the time the President signed his health care bill into law.

I was looking at the front page of the Sheridan Press, Sheridan, WY, yesterday. Headline, front page: