

years. In fact, that brief era of balanced budgets was due to: mid-decade spending reductions by a GOP Congress elected on a balanced-budget pledge; an excessive cut in defense spending to 3% from 5% of GDP across the decade; and an unsustainable revenue boom due to the dot-com bubble. But harking back to the 1990s lets Mr. Obama avoid having to defend his own spending record.

The real game here is that the President is trying to give Democrats in Congress political cover for the health-care blowout and tax-increase votes that he knows are coming. The polls are showing that Mr. Obama's spending plans are far less popular than the President himself, and Democrats in swing districts are getting nervous. The paygo ruse gives Blue Dog Democrats cover to say they voted for "fiscal discipline," even as they vote to pass the greatest entitlement expansion in modern history. The Blue Dogs always play this double game.

The other goal of this new paygo campaign is to make it easier to raise taxes in 2011, and impossible to cut taxes for years after that. In the near term, paygo gives Mr. Obama another excuse to let the Bush tax cuts he dislikes expire after 2010, while exempting those (for lower-income voters) that he likes. In the longer term, if a GOP Congress or President ever want to cut taxes, paygo applies a straitjacket that pits those tax cuts against, say, spending cuts in Medicare. The Reagan tax reductions would never have happened under paygo.

The main political question now is when Americans will start to figure out Mr. Obama's pattern of spend, repent and repeat. The President is still sailing along on his charm and the fact that Americans are cheering for an economic recovery. But eventually they'll see that he isn't telling them the truth, and when they do, the very Blue Dogs he's trying to protect will pay the price. And they'll deserve what they get.

(Mr. BEGICH assumed the Chair.)

Mr. THUNE. Mr. President, I will make a couple of observations they made in that editorial, as well as similar observations made by some of my colleagues in the Senate, since this announcement was made—that pay-go is going to now be enforced—statutory pay-go.

This editorial from the Wall Street Journal said:

The truth is that paygo is the kind of budget gimmick that gives gimmickry a bad name. As Mr. Obama knows but won't tell voters, paygo only applies to new or expanded entitlement programs, not to existing programs such as Medicare, which this year is growing at a 9.2 percent annual rate. Nor does paygo apply to discretionary spending, set to hit \$1.4 trillion in fiscal year 2010, or 40 percent of the entire [Federal] budget.

Mr. President, the thing that strikes me about this announcement is, it seems it is, as is often said, too much, too little, too late. We already passed an \$800 billion stimulus bill, which we financed by borrowing from the next generation. That wasn't subject to pay-go nor have many of the spending programs in the past couple of years been subject to pay-go.

When the Democrats took control of the Congress after the 2006 elections, it was announced by Speaker PELOSI that they were going to enact pay-go—saying pay-go is going to be the policy, the rule followed in terms of the spending done by the Federal Government. But

that was quickly ignored. As I said before, if we look at the reality of what happened in the last few years, despite all the lipservice paid to pay-go, it doesn't apply all that much. It applies to new entitlement programs and to tax cuts, but as far as I can tell, it doesn't apply to discretionary spending, to current entitlement spending, which, as I said earlier, is growing—Medicare at about a 9.2-percent annual clip. So what is it really good for?

Well, it seems to me it is a statutory excuse to raise taxes. If we continue to exempt more and more things—one of the things we debated in the last year or two is whether an extension or exemption will be afforded to taxpayers from the AMT, which would capture more taxpayers, and whether it ought to be offset and paid for and the pay-go rules ought to apply to it.

Well, the President, in his announcement a couple days ago, went so far as to say he is going to exempt the AMT fix from pay-go. That is a \$576 billion ticket item over a 10-year period. The AMT would be exempted. The physician fee fix would be exempted, which is something we have had to do recently in Congress on a regular basis to protect doctors from the cuts that would occur under statutes passed many years ago. So we come in and we do what we call a physician fee fix. That will be exempted from the pay-go rules.

So we would be carving out big chunks of Federal spending, of tax relief, and there were a couple of other exemptions that were mentioned that would be exempt from pay-go. If we take them off the table, and if we take entitlement spending off the table—at least current, present entitlement spending—and we take discretionary spending off the table, it seems to me all we have done is, again, created this gimmick that is trying to pull the wool over the eyes of the American people that we are really doing something serious about fiscal responsibility which, in fact, we all know is not the case.

Mr. President, I hope we get serious about fiscal responsibility here. It means we have to get our arms around spending. We cannot fix the fiscal problems in this country when we exempt everything and say we are going to continue to spend—in fact, the appropriations bill passed in the House of Representatives the other day; they passed one of their appropriations bills with a 12-percent increase over last year. How can we justify that when we have a \$1.8 trillion deficit this year and an economy that is in recession? The Federal Government is supposed to be leading the way, setting the example, and we cannot even live within our means. We say we are going to implement pay-go and, boom, before the ink is even dry on whatever statement they may have signed, we have a House Appropriations subcommittee passing an appropriations bill with a 12-percent year-over-year increase. And, again, because discretionary spending is ex-

empt from pay-go, what difference does this announcement on pay-go really make, other than to try to pull the wool over the eyes of the American people?

I hope the American people figure that out. I think they will. I certainly know, around here at least, we get new data all the time about the size of the deficit and what we are going to look at in the foreseeable future. It is a very disturbing picture. That is why I think it is so important we get spending under control, that we get the Federal Government out of the private ownership of American business, and let American business do what it does best: create jobs and make their own management decisions, not the Federal Government, because it controls such a big part of these businesses, intervening and trying to impose their political will on this decisionmaking process, and that we do everything we can to prevent a government takeover of our health care system, at a cost of somewhere between \$1 trillion and \$2 trillion, which will inevitably lead to much higher taxes.

Somebody has to pay. These things all have to be paid for or we can borrow it, which is what we did with the stimulus bill. So we can have higher taxes or more borrowing. I argue the spending has to stop. That is the only way we are going to get our fiscal house in order and make it clear to the American people we are serious in Washington about getting spending under control. I hope we get a vote on my exit plan, my bill. I think we need a plan to exit the scene and get government out of the ownership of large parts of the private economy and private businesses in this country. I hope we will do everything we can to prevent a government takeover of our health care system, which is one-sixth of our economy.

I also hope we will not fall for dumb gimmicks like pay-go, which do nothing to address, fundamentally, the financial and fiscal problems our country faces, but that we will get serious about getting spending under control and putting America on a fiscal path toward fiscal discipline that is fair and responsible to the people in this country, who pay these bills, the American taxpayers.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

EXPRESSION OF APPRECIATION

Mr. REID. Mr. President, I walked in the Chamber and saw you presiding. And I said to Lula Davis, who helps us so much here, what a terrific addition

you have been to the Senate. That is really true. The people of Alaska are so fortunate to have you in the Senate.

You are very constructive. You protect the State of Alaska like no one I have ever seen look out for the interests of a State.

And I think everyone in the Senate recognizes what a fine person you are, and as the days go on, you are going to get even better. So on a personal note, I appreciate all of your good work.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.)

FLAG DAY

• Mr. BYRD. Mr. President, our flag is the most recognizable symbol of the United States, an instant wordless message freighted with history and meaning. The Stars and Stripes is much more than a war banner. Each flag carries visions of smoke-clouded battles, to be sure, but also visions of brave explorers venturing into new lands, astronauts landing on the moon, athletes celebrating Olympic victories, and of coffins carried on somber caissons to a final honored resting place. Old Glory also marks every great American moment, from presidential inaugurations that celebrate the peaceful transition of power in our democracy to the defiant unfurling of flags over the battered ruins of the Pentagon and the Twin Towers.

June 14 is Flag Day. Although flags fly every day in front of many Federal, State and local office buildings every day, and many flags are displayed on other holidays such as the Fourth of July, Memorial Day, and Veterans Day, only on Flag Day do we honor the flag itself.

The first national observance of Flag Day was in 1877, though it was not until 1949 that President Truman signed into law legislation recognizing the anniversary of the adoption, on June 14, 1777, by the Continental Congress, of the Stars and Stripes as the official flag of the United States.

In earlier years, much more was done to mark the occasion of Flag Day. Schools educated students on the rituals and principles of citizenship, and held patriotic programs to honor the flag. These days, it is enough to mark the day by flying the flag. I hope that many Americans will do so, and do it properly—hoisting the flag up smartly, bringing it down reverently, and folding it away again properly. Once it is up and flapping in the breeze, take just a moment to admire it, or to say the Pledge of Allegiance.

On June 14, 1777, a congressional committee established the design of our flag in a few short words. The record notes simply that “. . . the flag of the thirteen United States be thirteen stripes alternate red and white; that the union be thirteen stars, white in a blue field, representing a new constellation.” In the years since, the number of stars in that constellation

has expanded, but the brave ideals that it represents—that all men were created equal, endowed by their Creator with certain unalienable rights including life, liberty and the pursuit of happiness—shine as true today as they have since 1776.

Our flag is a symbol that goes well beyond the cloth out of which it is fashioned. It is America, and long may it wave.

I close with a favorite poem of mine, by Henry Holcomb Bennett, that I like to recite on Flag Day. It never fails to stir my spirits, as I hope it does for those listening.

THE FLAG GOES BY

(By Henry Holcomb Bennett)

Hats off!
 Along the street there comes
 A blare of bugles, a ruffle of drums,
 A flash of color beneath the sky:
 Hats off!
 The flag is passing by!
 Blue and crimson and white it shines,
 Over the steel-tipped, ordered lines.
 Hats off!
 The colors before us fly;
 But more than the flag is passing by.
 Sea-fights and land-fights, grim and great,
 Fought to make and to save the State:
 Weary marches and sinking ships;
 Cheers of victory on dying lips;
 Days of plenty and years of peace;
 March of a strong land's swift increase;
 Equal justice, right, and law,
 Stately honor and reverend awe;
 Sign of a nation, great and strong
 Toward her people from foreign wrong:
 Pride and glory and honor,—all
 Live in the colors to stand or fall.
 Hats off!
 Along the street there comes
 A blare of bugles, a ruffle of drums;
 And loyal hearts are beating high:
 Hats off!
 The Flag is passing by!•

XLIV COMPLIANCE

Mrs. LINCOLN. Mr. President, paragraph 4 of rule XLIV of the Standing Rules of the Senate provides that, “If during consideration of a bill or joint resolution, a Senator proposes an amendment containing a congressionally directed spending item, limited tax benefit, or limited tariff benefit which was not included in the bill or joint resolution as placed on the calendar or as reported by any committee, in a committee report on such bill or joint resolution, or a committee report of the Senate on a companion measure, then as soon as practicable, the Senator shall ensure that a list of such items (and the name of any Senator who submitted a request to the Senator for each respective item included in the list) is printed in the CONGRESSIONAL RECORD.”

The term “congressionally directed spending item” is broadly defined to include “a provision or report language included primarily at the request of a Senator providing, authorizing, or recommending a specific amount of discretionary budget authority, credit authority, or other spending authority

for a contract, loan, loan guarantee, grant, loan authority, or other expenditure with or to an entity, or targeted to a specific State, locality or Congressional district, other than through a statutory or administrative formula-driven or competitive award process.” In accordance with rule XLIV, I provide the following information relating to my amendment. No. 1181, that was adopted by the Senate during consideration of H.R. 2346. The amendment will modify interest limitations allowable in a State, as defined in 12 USC 1831 u(f), where the maximum rate of interest is not more than 5 percent above the Federal Reserve discount rate—Arkansas. Specifically, it will relax the maximum rate of interest allowed, increasing it to seventeen percent, effective from date of enactment through December 31, 2010. The provision is generally applicable to any lending occurring within that state that is not conducted by an insured depository institution. I am the principal sponsor of the amendment.

Mrs. HUTCHISON. Mr. President, I submit pursuant to paragraph 4(a) of rule XLIV of the Standing Rules of the Senate the following congressionally directed spending item that I requested during consideration of H. R. 2346, the fiscal year 2009 supplemental appropriations bill, and I ask that it be printed in the RECORD.

The material follows.

For purposes of qualification for loans made under the Disaster Assistance Direct Loan Program as allowed under Public Law 111-5 relating to disaster declaration DR-1791 (issued September 13, 2008) the base period for tax determining loss of revenue may be fiscal year 2009 or 2010.

Mr. President, I submit pursuant to paragraph 4(a) of rule XLIV of the Standing Rules of the Senate the following congressionally directed spending item that I requested during consideration of H. R. 2346, the fiscal year 2009 supplemental appropriations bill, and I ask that it be printed in the RECORD.

The material follows.

For areas affected under FEMA-1791-DR, 100 percent federal funding under the Public Assistance Program for debris removal, 90 percent federal funding for all other categories of public assistance, and 90 percent federal funding for Hazard Mitigation.

SBIR/STTR REAUTHORIZATION ACT OF 2009

Ms. SNOWE. Mr. President, I rise today to speak on support of S. 1233, the SBIR/STTR Reauthorization Act of 2009, a bipartisan measure I recently introduced with Senator LANDRIEU. As former chair and now ranking member of the Senate Committee on Small Business and Entrepreneurship, I have long championed critical small business programs such as the Small Business Administration's Small Business Innovation Research, SBIR, and Small Business Technology Transfer, STTR, programs, which direct more than \$2 billion in Federal research and development—R&D—funding each year to