

passed earlier this year that was supposed to stimulate the economy, keep the unemployment rate from going up, and cause economic growth to occur, was borrowed. We didn't have that money. The first automobile clunker bill, \$1 billion, was borrowed on top of that. It wasn't even paid for out of the stimulus bill. It was new billion dollars. Then the new clunker bill that passed here last night in the House, they said: Well, it was going to come out of the stimulus package and, therefore, it wouldn't add to the debt because we have already authorized this stimulus money to be spent, but that is not what the House leadership said. They promised they wouldn't reduce any of the spending that was provided for in the \$800 billion stimulus package. Only 11 percent of the discretionary funds will be spent by October 1. They wouldn't take the money out of that to fund the clunker program. They promised without any equivocation that they would replenish that to borrow money. They are going to borrow that money so they don't have to reduce any of this spending in the stimulus package.

The Treasury issued a record amount of debt this past year—an unbelievable amount, actually. The Treasury Department said Wednesday it is going to sell a record \$75 billion in Treasury bills just next week so we can pay all of these obligations, we have appropriated the money for. We don't have the money, so we have to borrow it. In particular, the Treasury officials need to ensure that demand from China—that is, China's purchasing of our Treasury bills—doesn't fall off. We want them to keep buying. There are several problems, however. China doesn't have as much money as they did because their sales are not going as they were, and they are using some of their surplus money to stimulate their own economy. So they are not going to have as much money to buy Treasury bills as they did, frankly. But at any rate, demand from China, the largest holder of U.S. Government debt, is shaky. We put out the Treasury bills by auction at an interest rate and people bid for them, basically, and the government has to raise the rate high enough to get people to give them the money so we can spend in Congress.

According to yesterday's Wall Street Journal, last week's auctions of fixed-rate Treasury notes saw lukewarm demand from China and other investors. They are getting worried. Chinese officials had indicated they want inflation-protected securities, especially as the U.S. economy starts to recover. Inflation-protected securities. That is the TIPS. Right now they are not paying much interest. It is pretty low interest. But if you have a TIP, inflation-protected securities, and the interest rate goes up, then you get paid more. The return on your Treasury bill goes up. It is not fixed.

"Inflation is the No. 1 worry," said Mark Chandler, global head of currency

strategy for Brown Brothers Harriman & Company: "This is the government saying, 'We will take that inflation risk away from you.'"

That is what a TIP does. It says, Don't worry about inflation; if the inflation goes up, we will pay you greater interest on the Treasury bill you buy.

And the spread—the difference between the 10-year TIPS—inflation-protected securities—and the regular 10-year Treasury note has risen from near zero at the beginning of this year to about 2 percent today. That means that one can get a 2-percent better rate by buying regular Treasuries, 10-year Treasury notes, but people still want TIPS. People with money want TIPS. Why? Because they are afraid in the next 10 years we are going to have a surge of inflation and a 3.7-percent 10-year Treasury bill. Well, they would rather have a 1.7-percent TIPS than get 2 more percent on the U.S. Treasury bill.

According to yesterday's Wall Street Journal, officials from the United States and China discussed TIPS issuance in high-level talks last week. U.S. officials assured their Chinese counterparts that they remain committed to TIPS sales, according to a person with knowledge of the discussions. China has accumulated more than \$2 trillion in foreign exchange reserves and has invested about \$800 billion in the U.S. Treasury. Meanwhile, interest rates on regular 10-year Treasuries have increased from 2.4 percent to 3.75 percent this year, an increase of over 50-percent.

So the interest rates on the 10-year Treasury has increased over 50 percent since January. Why? Because people are not willing to give the government money at the lower 2.4 percent rate because even though we are in a recession and interest rates are very low, they know with this kind of debt, this kind of future debt that the United States is facing, we are going to have a tremendous temptation to inflate the currency. And we are going to have that pressure because one way to beat your debt, of course, is to pay it back in dollars not worth as much as the dollar the person loaned. If they loan you a dollar today, and the dollar drops 20 percent, you can pay them back with dollars worth 80 cents rather than a dollar. That is a pretty good deal, if you can get away with it.

People are smart and they see this coming. They are demanding higher interest rates now, or they won't loan us the money—like any smart businessperson would. I say to my colleagues you don't get something for nothing. There is no free lunch. You cannot run up this kind of debt without consequences for the young people of this country in the years to come. They are going to be carrying a \$800 billion-a-year annual interest rate in 10 years. Most likely, this number will be higher than \$800 billion a year, whereas our generation today is carrying a \$170 billion a year annual interest payment. I

do not believe we have to do that to help this economy come out of recession. In fact, when you talk to people who are involved in the American financial sector, the biggest worry they have is interest and the debt. For everything else, they can see a way the U.S. economy will come out of it. If we burden ourselves with more debt than we can sustain—and we are clearly heading in that direction—long-term investors are worried. They don't see this coming out right. That is why they say it is not sustainable.

I wished to share these remarks before we recess for August. I don't think it should be forgotten. We have a responsibility to see that every dollar we spend produces something of value. While it can also have a stimulative effect, it needs to produce something of value; it cannot just be thrown away. We need to look for every possible way to contain this growth in spending. It is unacceptable and it cannot continue. Somehow, some way, Congress has to get the message; and I don't think we have gotten it. I don't think we understand that millions of people are losing their jobs. People who used to have overtime are not getting it today. Many who were working full time are working part time today. Families who used to have two wage earners now only have one.

This is serious. We are going to have to recognize we cannot spend our way out of it. We cannot borrow our way to prosperity, as one Alabamian told me at a townhall meeting.

Mr. President, I yield the floor.

CONFIRMATION OF JUSTICE SONIA SOTOMAYOR

Mr. LEAHY. Mr. President, among the most gratifying aspects of the confirmation of Justice Sonia Sotomayor for me was meeting her mother Celina. Anyone who knows their story knows how much Justice Sotomayor owes to her mother. She paid tribute to her mother during her opening statement at the confirmation hearing last month when she poignantly said: "I want to make one special note of thanks to my Mom. I am here today because of her aspirations and sacrifices for both my brother Juan and me. Mom, I love that we are sharing this together."

One of the good things about the hearing was that Americans were able to meet Celina Sotomayor, a woman admired across America. I will never forget her own participation at that hearing. She sat just behind her daughter, nodding in agreement when her daughter spoke. She followed the questions and answers, the give-and-take. She was focused, protective and justifiably proud of her daughter.

Justice Sotomayor's story is her story too. Justice Sotomayor's triumph is her triumph too. This confirmation is the realization of the American dream that she lived and for which she worked, sacrificed and overcame adversity. She is an inspiration to us all.

CUSTOMS FACILITATION AND TRADE ENFORCEMENT REAUTHORIZATION ACT OF 2009

Mr. BAUCUS. Mr. President, Representative John Randolph, chairman of the House Ways and Means Committee in the early 1800s, said, "We all know our duty better than we discharge it."

U.S. Customs and Border Protection, or CBP, and Immigration and Customs Enforcement, or ICE, have two vital duties. They must protect our national security by ensuring that threats to that security do not cross our borders, and they must protect our economic security by ensuring that legitimate trade does cross our borders, smoothly and quickly. I have no doubt that CBP and ICE know these duties. But they must do a better job of discharging their trade duties.

Senator GRASSLEY and I introduced a bill that would require the agencies to do just that. The Customs Facilitation and Trade Enforcement Reauthorization Act of 2009 would direct CBP and ICE to make customs facilitation and trade enforcement a priority again, and it would provide the agencies with the tools and resources that they need to fully discharge those duties.

These agencies know that high-level officials must focus on their trade duties. The bill would help the agencies discharge those duties by creating new high-level positions at CBP devoted exclusively to trade. The bill would assign new trade facilitation and enforcement duties to the highest level official at ICE.

The agencies know that they must facilitate and expedite legitimate trade across our borders. The bill would help the agencies to discharge those duties by providing trade facilitation benefits, such as faster customs clearance, to importers with a history of complying with U.S. customs and trade laws. The bill would also require the Secretary of Homeland Security to identify and provide trade facilitation benefits to importers that provide additional security information. The bill would provide funding for automated programs that would help CBP process imports more quickly.

The agencies know that they must enforce U.S. trade, intellectual property, and health and safety laws at our borders. The bill would help the agencies to discharge those duties by giving CBP new tools to identify goods that are most likely to violate these laws. It would give CBP the means to prevent those goods from crossing our borders. It would require ICE to do more to prevent the importation of goods made with forced, convict, or indentured labor.

The agencies know that they must listen to Congress and the business community when taking significant actions that affect America's competitiveness. The bill would help the agencies to discharge that duty by requiring CBP to engage in robust consultation before taking such steps.

The agencies know that they must serve rural border areas, such as those in my home State of Montana. The bill would help the agencies to discharge that duty by creating a pilot program to establish 24-hour ports along these border areas, ensuring that legitimate trade can flow quickly through these areas.

So let's come together to reauthorize CBP and ICE. Let's give these agencies the tools and resources they need to facilitate and enforce international trade. And let's help CBP and ICE to discharge these duties that are so essential to our economic security.

EXPAND BUILDING ENERGY EFFICIENCY ACT OF 2009

Ms. SNOWE. Mr. President, I rise to speak about legislation that I introduced, the Expanding Building Efficiency Incentives Act of 2009, which would expand the tax incentives for building and put our country on course to reduce energy consumption in a sector that currently consumes 40 percent of our total energy. I am pleased to have worked with Senator FEINSTEIN and BINGAMAN, two longtime leaders on energy efficiency, on this proposal and look forward to discussing this bill with my Finance Committee colleagues.

One inexcusable legacy of this housing crisis is that the vast majority of homes constructed over the last 10 years during the housing boom have been inefficient. While an inefficient vehicle purchased today may guzzle gasoline for an average of 10 years, an inefficient building will require elevated levels of energy for as long as 50 years. Therefore, whenever we create inefficient buildings, generations to come will be saddled with our wasteful energy decisions. Last week McKinsey and Company in a report, "Unlocking Energy Efficiency in the US Economy," concluded that a major investment in energy efficiency could save \$1.2 trillion and cut consumption 23 percent by 2020. This legislation serves as a cornerstone to realizing these opportunities.

The Expanding Building Efficiency Incentives Act builds on current tax incentives that have worked to move the market toward energy efficiency. While the marginal costs of constructing an energy-efficient building may be higher than an inefficient building, the long-term energy savings have environmental and energy dividends, as well as ultimate cost savings. These tax incentives provide an incentive to correct this market failure and obtain these long-term benefits.

Specifically, the bill includes an extension of the current energy-efficient new homes tax credit for 3 years, which requires new homes to be 50 percent better than current code with respect to heating and cooling. In addition, this bill will create a new tier for a \$5,000 tax credit if a building consumes 50 percent less total energy than a

comparable building. The current tax credit system for new homes has been very successful. According to the Residential Energy Services Network, 4.6 percent of all new homes met these rigorous standards in 2008, which adds up to nearly 22,000 homes being at the cutting edge of energy efficiency. This tax credit is working and not only should we extend this tax credit, but we must build on this to encompass additional energy consumption in a new home.

In addition, the bill would provide a \$500 tax credit for individuals to become professional energy auditors, experts that can reduce our country's demand for oil, reduce carbon emissions, and save our struggling families money on their energy bills. In addition, a \$200 tax credit is established for homeowners to hire these professional energy auditors and analyze the deficiencies of an existing home and propose investments that will save the taxpayer money. As we move forward with dedicating significant resources to energy efficiency in this legislation it is critical that we ensure that this funding is utilized effectively by a professional energy efficiency industry and this amendment will accomplish this critical goal.

Finally, the amendment increases the tax credit for energy-efficient commercial buildings by increasing the deduction from \$1.80 cents per square foot to \$3.00 per square foot. The original version of the commercial buildings tax deduction as passed by the Senate set the deduction to \$2.25 per square foot, with the critical support of the current Finance chairman and ranking member. Adjusting for inflation, this corresponds to \$3.00 per square foot today with partial compliance increased to \$1.00 per square foot. These changes would return the deduction to viability as it was originally designed and ensure that commercial building developers are provided an adequate incentive to pursue energy efficiency.

Earlier this year, a New York Times editorial pointed out that we are an extremely energy inefficient economy—the 76th best country in the world. This must change if we are to retain our leadership in this world, and I look forward to working with my colleagues to improve our ranking and increase our country's energy efficiency.

CLEANER, SECURE, AND AFFORDABLE THERMAL ENERGY ACT

Ms. SNOWE. Mr. President, I rise to speak about the Cleaner, Secure, and Affordable Thermal Energy Act, which I introduced with Senator BINGAMAN. This bill will add diversity to the fuel usage of Americans who are forced to use home heating oil, a heating source that has gone through wild price swings and last year reached historic prices. While I strongly believe that we must invest in weatherization and energy efficiency, I also believe that we must create diversity for thermal energy.