

Third, modify Social Security and health-care entitlements to reduce their explosive future growth. Social Security now promises much higher benefits to future retirees than to today's retirees. The typical 30-year-old today is scheduled to get an inflation-adjusted retirement benefit that is 50% higher than the benefit for a typical current retiree.

Benefits paid to future retirees should remain at the same level, in terms of purchasing power, that today's retirees receive. A combination of indexing initial benefits to prices rather than to wages and increasing the program's retirement age would achieve this goal. They should be phased-in gradually so that current retirees and those nearing retirement are not affected.

Health care is far too important to the American economy to be left in its current state. In markets other than health care, the legendary American shopper, armed with money and information, has kept quality high and costs low. In health care, service providers, unaided by consumers with sufficient skin in the game, make the purchasing decisions. Third-party payers—employers, governments and insurance companies—have resorted to regulatory schemes and price controls to stem the resulting cost growth.

The key to making Medicare affordable while maintaining the quality of health care is more patient involvement, more choices among Medicare health plans, and more competition. Co-payments should be raised to make patients and their physicians more cost-conscious. Monthly premiums should be lowered to provide seniors with more disposable income to make these choices. A menu of additional Medicare plans, some with lower premiums, higher co-payments and improved catastrophic coverage, should be added to the current one-size-fits-all program to encourage competition.

Similarly for Medicaid, modest co-payments should be introduced except for preventive services. The program should be turned over entirely to the states with federal financing supplied by a "no strings attached" block grant. States should then allow Medicaid recipients to purchase a health plan of their choosing with a risk-adjusted Medicaid grant that phases out as income rises.

The 2010 health-care law undermined positive reforms underway since the late 1990s, including higher co-payments and health savings accounts. The law should be repealed before its regulations and price controls further damage availability and quality of care. It should be replaced with policies that target specific health market concerns: quality, affordability and access. Making out-of-pocket expenditures and individual purchases of health insurance tax deductible, enhancing health savings accounts, and improving access to medical information are keys to more consumer involvement. Allowing consumers to buy insurance across state lines will lower the cost of insurance.

Fourth, enact a moratorium on all new regulations for the next three years, with an exception for national security and public safety. Going forward, regulations should be transparent and simple, pass rigorous cost-benefit tests, and rely to a maximum extent on market-based incentives instead of command and control. Direct and indirect cost estimates of regulations and subsidies should be published before new regulations are put into law.

Off-budget financing should end by closing Fannie Mae and Freddie Mac. The Bureau of Consumer Finance Protection and all other government agencies should be on the budget that Congress annually approves. An enhanced bankruptcy process for failing financial firms should be enacted in order to end the need for bailouts. Higher bank capital re-

quirements that rise with the size of the bank should be phased in.

Fifth, monetary policy should be less discretionary and more rule-like. The Federal Reserve should announce and follow a monetary policy rule, such as the Taylor rule, in which the short-term interest rate is determined by the supply and demand for money and is adjusted through changes in the money supply when inflation rises above or falls below the target, or when the economy goes into a recession. When monetary policy decisions follow such a rule, economic stability and growth increase.

In order to reduce the size of the Fed's bloated balance sheet without causing more market disruption, the Fed should announce and follow a clear and predictable exit rule, which describes a contingency path for bringing bank reserves back to normal levels. It should also announce and follow a lender-of-last-resort rule designed to protect the payment system and the economy—not failing banks. Such a rule would end the erratic bailout policy that leads to crises.

The United States should, along with other countries, agree to a target for inflation in order to increase expected price stability and exchange rate stability. A new accord between the Federal Reserve and Treasury should reestablish the Fed's independence and accountability so that it is not called on to monetize the debt or engage in credit allocation. A monetary rule is a requisite for restoring the Fed's independence.

These pro-growth policies provide the surest path back to prosperity.

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

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

The bill clerk proceeded to call the roll.

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

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

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. There will be a period for the transaction of morning business until 3 p.m., with Senators permitted to speak therein for up to 10 minutes each.

Mr. KYL. Mr. President, I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

Mr. JOHANNIS. 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.

SOUTH KOREAN FREE TRADE AGREEMENT

Mr. JOHANNIS. Mr. President, I rise today to ask a pretty straightforward

question: Why on Earth is this administration standing by and watching our global competitors gain the upper hand over U.S. businesses?

Last week, the European Union announced that it is taking steps to approve an agreement with South Korea. I have to tip my hat to the Europeans. South Korea represents the 12th largest economy, and Europe's businesses are now one step closer to much greater access to the 12th largest economy in the world. Meanwhile, the United States fails to act on a trade agreement negotiated with South Korea more than 3 years ago, ready for action, actually. Zero action, though, has been taken since this agreement has been finalized by this administration. We all know it is up to the President to send the agreement to Congress for approval before it can go into effect. But that has not happened. On the other hand, other nations are taking advantage of opportunities to save their businesses billions of dollars, while the United States is simply stuck in neutral.

Under our agreement with Korea, most fees our exporters pay—tariffs—to Korea would be completely eliminated, saving U.S. businesses literally billions of dollars. In fact, nearly 95 percent of our exports of consumer and industrial products would become duty free within 3 years and the rest would be eliminated over time. Nearly two-thirds of our agricultural exports would also become duty free under this agreement, and perhaps most significant is the estimate by the U.S. International Trade Commission itself that our agreement with South Korea would add \$10 to \$12 billion to our economy.

So what does this mean in real dollars for real businesses? Well, the agreement would increase U.S. exports by about \$10 billion annually. The way I look at it, our economy could use a \$10 billion boost. Instead, our agreement with South Korea languishes, and we sit on the sidelines while other countries clearly are gaining the upper hand and we are losing this marketplace.

If we could ever enact this agreement, American job creators could fairly compete in the South Korean market. Instead, they are at a distinct disadvantage, and the key to a level playing field—this trade agreement—is collecting dust on a shelf at the White House.

The time for the United States to act on our agreement with Korea is not only now, it should have been months ago. Our failure to act is inhibiting job creation, inspiring our competitors, who are winning, and frustrating our trading partners. Last week was just the latest evidence that our trading partners have lost patience with us and decided to find new dance partners. You see, our trading partners look at this and say: There is no leadership.

In June, I came to the Senate floor to express my concern over reports that an official from the South Korean Embassy said the following:

The U.S. runs the risk of losing the Korean market within a decade if we cannot get a free trade agreement ratified.

Let me repeat what he said: Within a decade, we lose this market.

Those reports also warned that South Korea was likely to complete a free-trade agreement with the European Union by January of next year. Well, here we are 3 months later, and that is exactly what has happened.

Most recently, upon announcing the new agreement just last week, South Korea's Ministry of Foreign Affairs and Trade released a statement saying that their deal with the EU "will bring about economic benefits more than a free trade pact signed with the United States." You see, they signed this agreement 3 months ahead of schedule, and our trading partners look at all of the dithering, and they are ready to move forward without us.

We should enact our pending trade agreement with South Korea as well as the pending trade agreements with Colombia and Panama as quickly as possible. Increasing our market share in countries around the world will provide greater opportunities for our businesses, allowing them to expand their operations and to hire more people right here at home. You can translate foreign trade to real jobs for real people in this country who are looking for work. This would help get our economy moving again. But for that to happen, the Obama administration must send Congress the pending agreements for an up-or-down vote. That is the next step. That has been the next step for months and months. The President must simply send the agreements for approval.

Unfortunately, when it comes to the pending trade agreements, what we have seen from this administration has been a lot of talk but no action. If you listen to the President's own words, you would think the administration just can't wait to submit the agreements to Congress. Just last week, President Obama said he would like to see congressional approval of the Korean agreement as soon as possible. That is not the first time he has made those statements. Going all the way back to the State of the Union Address in January, President Obama said the following:

We have to seek new markets aggressively just as our competitors are. If America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores.

The President was right about that when he said that so many months ago. In fact, it bears repeating. In the President's own words:

If America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores.

So the President of the United States is on record saying that the pending trade agreements would create jobs. They would. But these words ring hollow when you do not follow up with action.

As the U.S. unemployment rate has hovered around 10 percent for most of this year, my question is and I think the question of this nation is, What are we waiting for? Why are we waiting? There is no silver bullet here, but our pending trade agreements would be enormously helpful. They would be the absolute right step in the right direction. You see, when roughly 95 percent of the world's consumers live outside the United States, the global marketplace represents unrivaled opportunities. But, unfortunately, while the Senate has spent most of this year on a massive spending spree, three measures that even the President admits will create jobs are withering on the vine. Our businesses and job creators watch as their global competitors simply run by them. They are sitting on the sidelines faced with uncertainty and high tariffs that bar their entry in any reasonable way to the foreign marketplace, uncertainty about new regulations, uncertainty about our economic recovery, uncertainty about this administration's commitment to these trade agreements.

The lack of any kind of coherent position from the White House is a serious part of the problem. Yes, I have heard the speeches. The President says he wants action. He started saying it a long time ago. Yet he takes no action. I would like to know where this administration stands. The agreements are signed and ready. The ball is in the administration's court. If the President has no intention of sending these agreements to us, say so. Let the American public know this.

Taking action could not be easier: simply drop the agreements in the mail to Congress or have somebody walk them over here. The rest of the world is not wasting any time taking advantage of the opportunities and benefits provided by expanded trade. You see, they need jobs too. And they see the world's population and say: Why would we not want to sell our products to those people? Meanwhile, the United States is depriving our businesses of new markets, our people of jobs and new opportunities. And it delays economic recovery while, unfortunately, our competitors gain the upper hand.

If the President is serious about enacting trade deals to create new jobs, I am ready to work with him. I have said that over and over. I will come to the floor and speak on behalf of these agreements, and I know many of my colleagues are ready to do the same.

I urge the President to send the trade agreements to Congress once again for a "yes" vote.

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

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

The bill clerk proceeded to call the roll.

Mr. GRAHAM. I ask unanimous consent that the order for the quorum call be rescinded.

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

DEFENSE AUTHORIZATION

Mr. GRAHAM. Mr. President, I rise to speak about the upcoming vote tomorrow at 2:15 on the Defense authorization bill. I don't know the state of play, but it looks as though we will bring to the floor a Defense authorization bill without any ability to amend the bill beyond a very limited set of amendments. If one is watching the political discourse at the moment, they would not realize we are at war in two different theaters and that Iran is pursuing a nuclear weapon, and that maybe a year from now they will have one. We are talking about domestic politics and spending. That is good. But what is equally important is national security.

The Defense authorization bill is coming to the Senate floor tomorrow, and we have a don't ask, don't tell policy change within the bill that basically says we are going to change the law that would get rid of don't ask, don't tell; a policy that has worked very well, that we would receive input from the military, and we are going to change the law before we ask our men and women in uniform about their opinion. That is a huge mistake. We were told last year there would be a study among all the services about the effect of don't ask, don't tell on recruiting and retention and how it would affect the Armed Forces.

Before we can get the study done, I think the Congress is going to repeal the law because our Democratic friends believe in the fall there will be more Republicans. So they are going to try to do it now. We should not repeal don't ask, don't tell until we get input from our men and women who are serving. That is one thing that is driving this bill.

The DREAM Act is a piece of legislation that would give legal status to young children who were brought into the country illegally, brought here as children as illegal immigrants. They have lived most of their lives here. It would allow them to go to school under State tuition. It would give them legal status. That is an issue that needs to be talked about in terms of comprehensive immigration reform, not the Defense authorization bill.

If someone were listening to the debate on the Defense authorization bill, they would believe the biggest national security threats we face are abortions in military hospitals, the DREAM Act, which has to do with citizenship for young illegal immigrants, and don't ask, don't tell. We are not talking about what happens if Iran gets a nuclear weapon, how we win in Afghanistan, or what we need to do to get Iraq right. We are on the 10 yard line, but we are not there yet.

I have an amendment I would like to offer to the body that would get 99