not make the need to address long-term fiscal problems any less urgent.

Former OMB Director Peter Orszag said in late July:

> It would be foolish to dramatically reduce the deficit immediately, because that would choke off the nascent economic recovery. But it would be equally foolish not to reduce the deficit significantly by, say, 2015, because that would imperil continued economic growth at that point.

Accordingly, while we should not be raising taxes on middle-class families in the midst of a recession, we should also not make permanent the Bush tax cuts on the top 2 percent of Americans. Doing so would cost close to $700 billion over the next 10 years. That is not a policy of fiscal discipline.

The path to fiscal sustainability will require tough choices and tradeoffs. We, therefore, need to be supportive of efforts and decisions of the new bipartisan debt commission. But as important as it is to put our fiscal house in order, our Nation's future prosperity will not be determined by accountants in green eyeshades. If we hope to promote sustainable economic growth and job creation, it is critical that we seize the initiative on clean energy and that we support science, technology, engineering, and mathematics fields.

If we want to get the most bang for our buck now and long into the future, we should invest in clean energy. Studies show that a $1 million investment in clean energy will create more than three times the number of jobs than if those dollars were invested in fossil fuel-based energy projects.

The truth is that clean energy is the future of the global economy, and we should be investing in it today. Since 2005, global investment in clean energy has exploded, growing by 230 percent. But the United States is not keeping up with the global clean energy revolution. Last year, 10 G20 countries invested a higher percentage of gross domestic product in clean energy technology than the United States did. These investments created many jobs—over 1 million jobs in China alone. This growth is a direct result of policy decisions that commit to a clean energy future. The United States has failed to make a significant commitment to clean energy. Over the recess, Ernst & Young announced that for the first time, China had overtaken the United States as the most attractive country for renewable energy projects.

We need to provide certainty in the energy market for investors, businesses, and industries. They tell us that none of this will happen without a price on carbon. Pricing carbon will reflect the true cost of our energy sources and enable market forces to drive American ingenuity to develop clean energy technologies that will create jobs, enhance U.S. competitiveness, and establish the long-term economic security we need. Pricing carbon is the most effective policy tool available to transition the Nation away from dirty fossil fuels. It will create incentives for businesses and industries to find the lowest cost solutions to reducing carbon pollution. Again, this is a market-driven solution. Leave it to the private sector. Give them the incentives to do the right thing and develop clean energy.

In addition to investing in clean energy, we need to promote STEM—science, technology, engineering, and math—education. STEM jobs will be the jobs of the future. Whether it is energy independence, global health, homeland security, or infrastructure challenges, STEM professionals will be at the forefront of the most important issues of our time. In fact, according to a new study released by Georgetown University's Center on Education and the Workforce, by 2018 STEM occupations are projected to provide 2.8 million new hires. This includes over 500,000 engineering-related jobs.

We must also continue to support research and development—a challenge that requires significant Federal as well as private investment. In our current economy, it is often hard to imagine investing more in anything, but more research and development funding is fundamental to high-tech job creation. A recent report from the Science Coalition features 100 companies that can be directly traced to influential research conducted at a university and sponsored by a Federal agency. Examples include Google, Cisco Systems, and SAS.

It is imperative that we get our economy growing again so that we are in a strong position to tackle the very real challenges of the future. In the long term, our task will not be simply to get our government's finances under control. As important as that is, it will also involve making the needed investment in areas such as clean energy and STEM that will ensure long-term growth and job creation. We face complex challenges in the 21st century. They include harnessing eco-friendly sources of energy and providing efficient and effective health care for an aging population. By making these investments in our future, I am confident we can foster the innovation necessary to successfully address these problems and reestablish our leadership in an increasingly competitive global economy.

Finally, Americans always had the ingredients for success, and I am confident that in the coming months and years, the American ethic of innovation and hard work will once again return our economy to the path toward prosperity.

I yield the floor.

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

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

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

ENDING OFFSHORING ACT

Mr. KYL. I wish to talk about the so-called Ending Offshoring Act, a bill that the Wall Street Journal suggested this morning should be called ''The Send Jobs Overseas Act.''

I ask unanimous consent to have that article printed at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. KYL. Mr. President, this bill provides a temporary payroll tax holiday for multinational U.S. employers who hire a new U.S. worker. But not just any worker. To be eligible, the business must prove that the employee is replacing an employee who had been performing a similar job abroad. The bill, which is not fully offset, proposes to partially pay for this tax holiday for multinational corporations with new tax hikes on multinational corporations—tax hikes that could undermine job creation in America.

How would the tax increases be applied? The bill would disallow tax deductions associated with expanding operations overseas and would limit tax deferral of income U.S. multinational companies earn abroad by selling products in the United States.

Currently, when a foreign subsidiary of a U.S. parent company earns such income, it is not taxed by the United States until it is sent back to the U.S. parent company. Even though most foreign countries only tax income earned within their borders, the U.S. taxes income earned anywhere in the world by U.S. citizens and companies. The deferral policy aims to keep U.S. companies competitive with their foreign counterparts, since we also have the second highest corporate tax rate in the world. So deferral is not a ''tax benefit,'' as some of the bill's proponents claim.

This bill wrongly assumes that all foreign expansion stems from ''greed'' and that foreign expansion only hurts American workers. I will explain why that's simply not the case and why this bill could, in fact, hinder job creation in America and actually send American jobs overseas permanently.

The first point I want to illustrate is how limiting tax deferral could hurt American jobs. Limiting deferral would subject U.S. multinational companies to higher taxes, cutting into their profits and giving foreign competitors a huge advantage in the global marketplace. We have to keep in mind: American companies with overseas operations support and create U.S. jobs.

A new paper from the McKinsey Global Institute shows that America's multinational companies make huge contributions to our economy: They account for 19 percent of all private-sector jobs in the United States, 25 percent of all private wages, 48 percent of total export goods, and 74 percent of nonpublic research and development spending.

In fact, Johnson & Johnson estimates that about one in five U.S. employees hold jobs that support their international operations.

Let me provide an example of how foreign expansion can create jobs here at home:

A few years ago, PepsiCo embarked on an aggressive expansion program in Eastern Europe, largely by buying up existing bottlers and snack chip producers, upgrading plants and equipment, and improving distribution while increasing their marketing efforts in these countries, achieving large gains in sales as a result.

As a result of this expansion, PepsiCo's employment abroad increased, but that did not cost any Americans their jobs. Pepsi merely took over existing plants and their workers.

In fact, PepsiCo's foreign expansion created jobs here in the United States. To support their overseas operations, the company needed to expand their logistics, marketing, and other support operations, all well-paying jobs at their U.S. headquarters. As a result, expanding operations abroad increased employment here in the United States.

The advisers for the McKinsey report provided the jobs statistics that show the correlation between companies' expansion abroad and employment here at home: From 1988 to 2007, employment in foreign affiliates rose to 10 million from 4.8 million. During that same period, employment in U.S. parent companies rose to 22 million from 17.7 million. The reason is, as the Pepsi example shows, that much of the expansion abroad by U.S. multinationals has complemented, rather than replaced, U.S. operations.

In 2008, a Washington Post editorial highlighted a study that made this same point. The study looked at U.S. manufacturers that expanded abroad between 1982 and 2004 and, as the Post wrote, ''found that they tended to grow domestically as well, hiring more U.S. employees, paying them more and spending more on research.''

The study concluded that ''the average experience of all U.S. manufacturing firms over the last two decades is inconsistent with the simple story that all foreign expansions come at the cost of reduced domestic activity.''

New taxes could encourage some companies to locate more or all of their operations abroad, where they could remain more profitable, since many countries do not tax income earned outside their borders. That could really happen. There is nothing that says corporations have to be located in the United States. U.S. multinational corporations will have little incentive to invest and hire here if tax policy prevents them from realizing attractive returns.

The McKinsey report cautions that policymakers have to be diligent about enacting policies that maintain U.S. economic competitiveness:

> The United States retains many strengths that make it one of the most attractive markets for multinational companies' participation and investments. But numerous fast-growing emerging markets [such as China, Brazil, and India] and some advanced economies are making huge strides in increasing their attractiveness, and are thereby influencing how multinationals decide where to participate and invest. Thus, the United States has entered a new era of global competition for multinational activity. . . . Many of the executives we spoke with emphasized the need to ensure they are competing on a level playing field.

So let us not give foreign competitors a new edge by raising taxes on American companies that create new American jobs.

A second point: Many American companies establish operations abroad, not ''to export jobs'' for reasons of ''greed,'' as some of the bill's supporters charge, but to break into foreign markets, add new customers, or cater to a larger market abroad. The Pepsi example I just discussed illustrates this point.

According to the Department of Commerce, only 10 percent of foreign subsidiary sales are into the United States. So 90 percent of the subsidiaries' sales are in foreign markets. This statistic shows that the vast majority of companies are not moving manufacturing overseas only to sell goods back to the United States at a savings, but rather to cater to their customers.

A third point: Rather than picking winners and losers shouldn't we create an environment in which all companies become even more competitive?

One way to do this would be to lower the U.S. corporate tax rate, which is the second highest in the world. A recent article in National Review points out that ''by mid-2009, the U.S. corporate tax rate, including federal and state corporate taxes, was 39.1 percent. In Western Europe, the corresponding rates ranged from 34.4 in France, to 26.3 in Sweden, to 12.5 percent in Ireland.''

The author of this article points out that on the most recent World Bank list of places to pay business taxes, the U.S. ranks 61st out of 183 countries, behind France, Sweden, Holland, Switzerland, Norway, and the UK.

This high corporate tax rate distorts business decisions, such as locating investments; hinders capital formation; and suppresses wages. Rather than increase taxes on certain companies, we should bring the rate down to help correct these distortions.

Let me quote a couple of lines from the Wall Street Journal editorial I mentioned before. They confirm:

> The U.S. already has one of the most punitive corporate tax regimes in the world and this tax increase [proposed in the legislation before us] would make that competitive disadvantage much worse, accelerating the very outsourcing of jobs that Mr. Obama says he wants to reverse.

Paul Volcker, the handpicked individual of the White House on the tax reform panel, whose report recently was received by the President, said in the report:

> The growing gap between the U.S. corporate tax rate and the corporate tax rates of most other countries generates incentives for U.S. corporations to shift their income and operations to foreign locations with lower corporate tax rates to avoid U.S. rates.

That is what is causing people to move abroad, the higher corporate tax rates here. Yet the bill before us would raise those rates even higher on companies that do business abroad.

One Volcker recommendation is to lower the corporate tax rate to closer to the international average which would ''reduce the incentives of U.S. companies to shift profits to lower-tax jurisdictions abroad.''

So rather than raising taxes to try to punish U.S. companies that do business abroad, we should be reducing the tax rate to encourage them to stay here. The Wall Street Journal concludes:

> CEO Steve Ballmer has warned that if the President's plan is enacted, Microsoft would move facilities and jobs out of the U.S.

Thus proving the point. In fact, the chairman of the Senate Finance Committee, my colleague MAX BAUCUS, said in Congress Daily:

> I think it puts the United States at a competitive disadvantage. That's why I'm concerned.

A concluding comment from the editorial:

> The lesson here is that tax rates matter in a world of global competition and the U.S. tax regime is hurting American companies and workers.

In conclusion, we are talking again about taxing Americans more at a very time when we should be finding ways to reduce the tax burden on Americans; in this case, so they can compete better with foreign competitors.

I return to the issue before us and, unfortunately, it apparently isn't going to be resolved before Congress leaves, and that is taxing small businesses as well. The proposal of the President and those on the other side of the aisle to raise taxes on American small business men and women and thereby threaten job creation is exactly the wrong medicine at this time. The proposed payroll tax holiday won't help small businesses at all. We have been coming to the floor for weeks saying: Don't increase taxes on any American. So far all we have seen is efforts by the majority in one way or another to find a way to increase taxes on segments of the American economy. That is precisely what is being proposed in the legislation before us.

I reiterate, now is not the time to be raising taxes on anyone, let alone companies that account for such a high number of new jobs. Let's tailor our policies to help these companies employ even more American workers.

EXHIBIT 1

[From the Wall Street Journal, Sept. 26, 2010]

THE SEND JOBS OVERSEAS ACT

Democrats may be dodging a vote on the Bush-era tax cuts, but that doesn't mean they don't want to raise taxes before November. Witness this week's showdown in Congress over increasing the tax on the profits of American companies with foreign subsidiaries to punish firms that relocate plants overseas. How much more harm can this crowd do before it's run out of town?

Like so many others, this tax increase is being promoted by President Obama, who declared last week that ''for years, our tax code has actually given billions of dollars in tax breaks that encourage companies to create jobs and profits in other countries. I want to change that.''

Democrats around the country are making this issue their number one campaign theme, since they can't run on health care, stimulus or anything else they've passed into law. Think about this: One of the two major parties in the world's supposedly leading economy is trying to hold on to its majority by running against foreign investment and the free flow of capital. This is banana republic behavior.

We're all for increasing jobs in the U.S., but the President's plan reveals how out of touch Democrats are with the real world of tax competition. The U.S. already has one of the most punitive corporate tax regimes in the world and this tax increase would make that competitive disadvantage much worse, accelerating the very outsourcing of jobs that Mr. Obama says he wants to reverse.

At issue is how the government taxes American firms that make money overseas. Under current tax law, American companies pay the corporate tax rate in the host country where the subsidiary is located and then pay the difference between the U.S. rate (35%) and the foreign rate when they bring profits back to the U.S. This is called deferral—i.e., the U.S. tax is deferred until the money comes back to these shores.

Most countries do not tax the overseas profits of their domestic companies. Mr. Obama's plan would apply the U.S. corporate tax on overseas profits as soon as they are earned. This is intended to discourage firms from moving operations out of the U.S.

The real problem is a U.S. corporate tax rate that over the last 15 years has become a huge competitive disadvantage. The only major country with a higher statutory rate is Japan, and even its politicians are debating a reduction. A May 2010 study by University of Calgary economists Duanjie Chen and Jack Mintz for the Cato Institute using World Bank data finds that the effective combined U.S. federal and state tax rate on new capital investment, taking into account all credits and deductions, is 35%. The OECD average is 19.5% and the world average is 18%.

We've made this case hundreds of times on this page, but perhaps Mr. Obama will listen to his own economic advisory panel. Paul Volcker led this handpicked White House tax reform panel whose recent report concluded that ''The growing gap between the U.S. corporate tax rate and the corporate tax rates of most other countries generates incentives for U.S. corporations to shift income and operations to foreign locations with lower corporate tax rates to avoid U.S. rates.''

As nations around the world have cut their rates, the report warns, ''these incentives [to leave the U.S.] have become stronger.'' Companies make investment decisions for a variety of reasons, including tax rates. But as long as the U.S. corporate tax is more than 50% higher than it is elsewhere, companies will invest in other countries all other things being equal. One Volcker recommendation is to lower the corporate rate to closer to the international average, which would ''reduce the incentives of U.S. companies to shift profits to lower-tax jurisdictions abroad.''

Mr. Obama believes that by increasing the U.S. tax on overseas profits, some companies may be less likely to invest abroad in the first place. In some cases that will be true. But the more frequent result will be that U.S. companies lose business to foreign rivals, U.S. firms are bought by tax-advantaged foreign companies, and some U.S. multinational firms move their headquarters overseas. They can move to Ireland (where the corporate tax rate is 12.5%) or Germany or Taiwan, or dozens of countries with less hostile tax climates.

We know this will happen because we've seen it before. The 1986 tax reform abolished deferral of foreign shipping income earned by U.S. controlled firms. No other country taxed foreign shipping income. Did this lead to more business for U.S. shippers? Precisely the opposite.

According to a 2007 study in Tax Notes by former Joint Committee on Taxation director Ken Kies, ''Over the 1985–2004 period, the U.S.-flag fleet declined from 737 to 412 vessels, causing U.S.-flag shipping capacity, measured in deadweight tonnage, to drop by more than 50%.''

Mr. Kies explains that ''much of the decline was attributable to the acquisition of U.S.-based shipping companies by foreign competitors not subject to tax on their shipping income.'' Mr. Kies concludes that the experiment was ''a real disaster for U.S. shipping'' and that the debate over whether U.S. companies can compete in a global market facing much higher tax rates than their competitors was answered ''with a vengeance.''

Now the White House wants to repeat this experience with all U.S. companies. Two industries that would be most harmed would be financial services and technology, and their emphasis on human capital makes them especially able to pack up and move their operations abroad. CEO Steve Ballmer has warned that if the President's plan is enacted, Microsoft would move facilities and jobs out of the U.S.

The lesson here is that tax rates matter in a world of global competition and the U.S. tax regime is hurting American companies and workers. Mr. Obama would add to the damage. His election-eve campaign to raise taxes on American companies making money overseas may not be his most dangerous economic idea, but it is right up there.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

HONORING OUR ARMED FORCES

STAFF SERGEANT MICHAEL BOCK

Mr. JOHANNS. Mr. President, I rise today to remember a fallen hero, U.S. Marine SSG Michael Bock of Omaha, NE.

Michael was a proud member of the 3rd Combat EngineerBattalion, 1st Marine Expeditionary Force Forward, operating in one of the most dangerous areas of Afghanistan, the Helmand Province.

On August 13, Staff Sergeant Bock was shot and killed while on foot patrol.

His death is a great loss to our Nation and especially to those of us from Nebraska.

Michael will be remembered as a caring, outgoing, and responsible young man, always ready to help family and friends with a smile and a burst of energy.

From childhood, he had wanted to serve in the military.

At an age when many young Americans are not yet tackling adult responsibilities, Michael was ready to offer his service and sacrifice for our Nation.

He started Marine boot camp a month after graduating from high school.

The Marine Corps became a family for Staff SergeantBock.

In fact, he convinced his brother David to join and serve.

Over time Michael's family grew.

His marriage to Tiffany was followed by the birth of his son, Alexander.

By that time, Staff Sergeant Bock had already seen combat during two tours in Iraq.

He served with distinction then, and again during his third deployment—this time to Afghanistan.

The Helmand Province is a well-known Taliban stronghold, but progress toward our goals has also been significant.

Afghan citizens there today enjoy freedoms they have not witnessed for generations.

Much of that credit is due to heroes like Staff SergeantBock.

His Marine buddies remember him as a disciplinedNCO dedicated to accomplishing the mission at hand.

Family and friends say he was always positive and ready to help.

To his wife Tiffany, he was a devoted husband with a big heart—a man whom his son, Zander, will undoubtedly admire his entire life.

His decorations and badges earned during his military career speak to his dedication and bravery: the Purple Heart, the Combat Action Ribbon, the Marine Good Conduct Medal, the Navy and Marine Corps Achievement Medal, the Afghanistan Campaign Medal, the Sea Service Deployment Medal,the Humanitarian Service Medal,the Iraq Campaign Medal,the Global War on Terrorism Service and Expeditionary Medals, the National Defense Service Medal, the Navy Unit Commendation, the President Unit Citation, the NATO Medal for Afghanistan, and the Sharpshooter Rifle and Pistol Badge.

Today, I join Tiffany, Michael's other family members, and friends in mourning the death of their beloved husband, son, brother, and friend.

Michael made the ultimate sacrifice in defense of our Nation, and he now stands among our national heroes, never to be forgotten.

May God be with the Bock family, friends, and all those who celebrate his achievements, the man he was, and his legacy that shall remain.

There is a very special class of Americans who wear the military uniform and shed their blood so that we can sleep safe.

Michael joined that special community of patriots, past and present, which protects America and keeps us free.

They shall be remembered and honored until the end of our days.

May God bless them and their families, and see them through these difficult times.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Delaware.