

to jump-start this economy, is going to have a payoff down the road because we are going to focus on the private sector, helping them get the tools they need, just as we did before the August break in passing the small business incentive program and tax incentives and loan capacity. We only received two votes from the other side for that. So be it. We go the road alone. The net result for the last 2 years is that—I have been here for 2 years, and the occupant of the chair has been on the other side for a decade or so. But we came here to get work done. It may be controversial at times. Leadership is not easy. It is not just saying we are going to do that because everybody loves it. Sometimes the tough decisions are the ones the public has the hardest time with in the worst situations—the recession. We made some decisions—again not perfect—but the results are slowly and surely coming true.

The economy is moving in the right direction. Every time I hear from the other side that the private sector needs to do more—absolutely. As a matter of fact, the largest companies have more cash in their bank accounts today than they have had in decades because they have done well in the last few years in preparing for the new growth that is occurring right now in our economy.

I didn't plan to come down here. I was getting prepared for a Commerce Committee hearing. The occupant of the chair and I are both on that committee. Anybody who suggests we are not focused on this economy or on job creation or figuring out how to make sure the middle-class taxpayers of this country get a fair shake and make sure they have a tax break coming forward and continuing forward—those who say we are not focused on that are mistaken. I learned this when I was a mayor: We can do more than one thing at a time.

The reason I came down to talk is that nobody was talking. It is a dead zone. That is what happens. When they come down here and say: Gee, I wish we would be working on this or that—well, quit filibustering and doing the 30-hour delays and get on with the work. We are multitasking. The American people have asked us to work on jobs, the economy, taxes, and the budget. We are 100 people, and we can do this. Anybody who sits around and thinks we are not focused on the economy—as someone who lived in the private sector, comes from it, who deals with small businesspeople every single day, I understand exactly what they are feeling. So those who have never experienced that should experience it once and understand that every day is an opportunity.

I am going to continue to come down here and talk about the positive news, the opportunities that are occurring from the work we have done in the last 2 years. The other side may complain or argue over was it right or wrong. The proof will be in the pudding in the fact that other people—not politicians

jawboning about it—in the private sector are telling us. We have had some good news over the last several months.

The last point I will leave on is another bit of good news. It was small business again. They do an indicator and try to determine the confidence level of a small businessperson. That is important because the small business community is the largest driver of new employment now and in the future. So you want to make sure their confidence level is high. Well, in the last 5 months, it has increased every single month. I believe it is because of actions we have done here to give them faith that we believe in them, in the American people, and we believe the ability to move this economy forward is ahead of us, and we are doing it today.

Again, I will continue to come down here with data points and articles—not out of liberal magazines or publications. I heard earlier today about some liberal agenda. I don't know what that is about. I know what the American agenda is. I know what Alaska's agenda is. That is what I am here to do. If we just get off of these partisan kinds of activities and focus on what is right, we can get a lot done around this place. So I will continue to come down here and talk about the positive aspects of what is going on in the economy. Believe in the future and have an attitude of being positive about what we can do, and it is amazing what this country and this economy can do.

Mr. President, I appreciate the time I have had to discuss this issue. I warned my staff as I left—I said: Turn on the TV. I didn't tell them why I was coming here. They will ask me when I get back what I was doing. I will come down and talk about the positive aspects of this economy and will no longer listen to the other side naysay with negative attitudes. We have an economy that is improving—fragile but improving in the right direction because we on this side bet on the American people. I believe we bet right.

I yield the floor and 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.

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

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

#### TAX INCREASES

Mr. HATCH. Mr. President, we are a few hours into the month of December, 2010. Normally, the month of December means holiday times for most American families. For Jewish Americans, Hanukkah starts at sundown. As anyone who visits a department store knows, Santa Claus is already as much a fixture as the shelves and lights. The congressional Christmas tree will be lit in a few days.

This should be a happy time for families. But the festive mood is dampened by the high unemployment and the slow economic growth rate in this country.

Too many businesses are struggling. Too many investors are holding back their capital. Too many workers are idled. And here in Washington, we hear too much talk and take too little action to effectively address these problems.

For almost 4 years, our friends on the other side have failed to take action on the tax increase that will soon hit virtually every income taxpaying American.

There is bipartisan resolution staring us all in the face. It is the only bipartisan compromise. I am talking about a seamless extension of current bipartisan tax policy that was enacted in 2001 and 2003. How is it the only bipartisan compromise on the table?

Look no further than the statements of members themselves. I am aware of no Republican in the House or Senate favoring less than a full prevention of the widespread tax hikes set to kick in in 31 short days.

Democrats are split. That is why we have seen no action for almost 4 years. It seems they may be split three ways.

I have heard rumors that many Democrats in both bodies would privately prefer current law; that is, they would prefer to leave the law as it is and let the tax hikes kick in. But that is a privately held sentiment. The politics of advocating a tax increase on virtually every American income taxpayer are not, shall we say, compelling. This is the first group.

The second group is aligned with President Obama's budget. That position would guarantee a marginal tax rate hike on all small business owners with incomes above \$200,000 if single or \$250,000 if married. That's the second group.

A significant number of Democratic House and Senate Members have signaled that a short-term seamless extension of all current law tax relief is their preferred course. That is the third group.

There might be a fourth group who think that we ought to raise that \$200,000 to \$500,000, and that \$250,000 to \$1 million. But that still hits small business right in the face at a time when we need to create jobs. We Republicans understand that. I cannot understand why my Democratic friends do not seem to understand that. The Presiding Officer understands that.

Republicans generally support a permanent tax freeze. That position is embodied in Leader MCCONNELL's bill. I am pleased to be a cosponsor of that bill. But we Republicans know that, as good as that policy is, we will not likely find at least 18 Democrats to join us. We likely will not get 60 votes for it now. We would make it permanent if we could.

The wisdom of the bipartisan compromise is that it keeps intact the political glue that made the bipartisan tax relief possible in the first place.

Republicans supported the original plan because of the mix of two key tax relief policies. The first policy was tax relief for America's families. The second policy was tax relief designed to spur economic growth.

The fact that we are divided now is due to the Democratic leadership's insistence that the growth incentives part of the compromise be broken off. They want to break it off, using language like "decoupling," and discard the pro-growth policy.

That is the essence of the difference.

Democrats are split, but the Democratic leadership is united on the point of breaking off the pro-growth piece of the policy.

In an effort to avoid the obvious compromise, two members of the Senate Democratic leadership have put forward a new proposal. The proposal would apply the pending rate hikes to single taxpayers at \$500,000 of income and married couples at \$1 million of income. This latest partisan proposal is said to be necessary for fiscal reasons. Finance Committee Republican staff, using data from the non-partisan Joint Committee on Taxation, conducted a preliminary analysis of this proposal. They concluded that less than half the revenue sought by the Democratic leadership would be raised by this proposal. That tells me the reason behind this new proposal may be ideological.

Now, some may ask why Republicans do not give in and agree to hike taxes on those earning over \$500,000 or \$1 million. Certainly, it puts a fine point on the usual political game of class warfare.

To those of us on this side of the aisle, the sting of the proposal's political shot is far outweighed by its economic harm. Why is it so important?

Let me turn to two broad principles where Democrats and Republicans generally agree. The first principle is that a healthy growing economy is a very good antidote to our fiscal ailments. The second principle is that small business will be the source of new jobs. Do not think you'll find much daylight between Republicans and Democrats on these principles.

Now, let's consider the merits of this so-called "millionaire" tax in light of these bipartisan principles.

Fiscal history shows, without question that revenues will grow and temporary social safety net entitlement spending will drop if the economy grows. I have a chart that shows this history. If you follow this chart, you will see revenue is very sensitive to the changes in growth. Revenue is red, GDP is green. Growth goes up. Revenue goes up. Growth goes down. Revenue goes down.

It is well established that capital is the lifeblood of business. According to Answers.Com and I quote:

CAPITAL is the life by which the body [of business] operates. A business without finance is like a body in coma. No matter how great the environment is, the entity is considered dead. It is the blood that keeps men

alive. Drain the blood and watch life end for even the strongest and most privileged human that exists.

No one disputes the notion that taxpayers with incomes above \$500,000 for singles and \$1 million for married couples are a small fraction of the tax-paying population. But they account for a lot of capital gain income.

A proposal to raise the marginal rate on capital gain income by 33 percent on this group may seem like it would have minimal impact on the pool of capital income. Internal Revenue Service data indicate the contrary is true. The latest data from IRS Statistics of Income division are revealing.

According to SOI, taxpayers at \$1 million and over accounted for 56½ percent of the net long-term capital gain income for 2008. This figure reached close to 70 percent the year before. Keep in mind that statistic understates the impact. The reason is that the capital gain income for single taxpayers with income between \$500,000 and \$1 million is not counted.

The proposed so-called millionaire's tax would pile up rates on this large pool of capital income. I have a chart that illustrates the impact. The chart shows the current tax rate for this group of taxpayers rising to almost 24 percent in a little over two years. That means an almost 60 percent higher tax take on earnings from capital from current law.

If capital is the lifeblood of business, does it make sense to make the investment of it dramatically less attractive? Considering the current slow growth, jobless recovery, should we put in place policy that drives down the after-tax rate of return on capital?

I have talked only about the hike on capital income since flow-through small business income would be adversely affected by the tax hikes on ordinary income. You can see I am concerned. Look what that means. It is true that these small business owners would be earning over \$500,000 if single and over \$1 million if married. They represent a significant portion of the ownership of small businesses that will create new jobs. According to the non-partisan Joint Committee on Taxation, the President's tax hikes would hit half of flow-through small business income. I do not have the same calculation for this revised proposal. But do we have the margin for error? In this rough patch of our economic history, shouldn't the policy bias be towards business expansion? Why should we send the opposite signal? In this economic climate, what justifies a higher marginal rate of 17 percent on the most successful of our small businesses? Why hit the small businesses most likely to expand and hire people and give them jobs?

The way is clear. To my friends in the Democratic leadership, and they are my friends, I dare say, everybody in this body is a friend of mine. There are good people here. Why are we not working in a bipartisan way to solve

these proposals? I say throw down the partisan weapons. Don't sharpen them with a more partisan, edgy proposal, like the so-called "millionaire's tax." On our side, we would like to keep the current low tax rates in effect. We want them to be permanent. We, however, recognize that the legislative calendar of this session is about to end. We are ready to take a short-term time out with a seamless short-term extension of current tax relief. I ask our friends on the other side to do the same.

Now, it is no secret that 42 all 42 Republicans have said we should go to work on these problems right now and quit playing games around here. And we are unwilling to let anything else go forward until we solve these problems. These problems are the problems of extending the current tax relief for everybody.

We would like it to be permanent. Most of the Democrats would not like it to be permanent. There has to be a way of bringing us together. We are not going to agree, it seems to me. We are not going to be free to go to what our friends on the other side want to do and increase taxes at this time in the economic history of this country.

All 42 Republicans have signed a letter making it clear we will not get closure on anything until we resolve these problems. Then let's go to work after that. If the leadership does want to keep playing around in December, in the holiday season, let's at least go to work on other problems. I can think of a lot of other problems. For instance, the so-called SGR doc fix. The Democrats have taken \$500 billion out of Medicare. If they took \$282 billion of that, that solves the doc fix. We don't have to worry about it every year as we do right now. That money is there. What about the death tax? If we don't solve the death tax, it dramatically goes up. Who does it hurt? Small businesspeople, farmers, and others who don't have all the lawyers in the world to help them evade those taxes.

What about the alternative minimum tax? That was a tax that was supposed to affect 155 multimillionaires who didn't pay taxes that year. Today it will affect 23 to 26 million people, many in the middle class. Democrats always talk like they want to get rid of it, but they love it because it means more revenue for them to spend. Why don't we get rid of it? Even if we don't have an offset, I prefer to get rid of it because it goes up every year. We have to patch it every year, it costs billions of dollars, where if we do it once, it is a one-hit thing that at least we know where we are and we can work the deficit down from there.

What about the research and development tax credit? Virtually everybody in this body knows how important that is to our high-tech industry, which in some ways is not competitive because we always foul it up. It has now been absent for a year because even though the Democrats have had abject control

of this body and could have done anything they wanted to do to preserve it and protect it, they haven't done a dog-gone thing. As somebody who works on intellectual property issues day in and day out and has done so for 34 years in the Senate and has done so in a bipartisan way—and I don't think anybody on the other side can say I haven't worked with them in these areas; Senator LEAHY and I worked together very closely on these issues—why aren't we making it possible for our high-tech world to create jobs by being more competitive, by giving them what we all basically agree they should have and do it permanently; that is, the research and development tax credit.

These are just a few things I think we ought to be able to get together on in a bipartisan way and accomplish at the end of this year.

If I was the President—and I am not, but if I was, and it is nice to speculate every once in a while, especially on the floor of the Senate, when we see all these problems—I would be banging on Democrats and Republicans to resolve these problems I have been discussing today. The President would have all December. He would have all January, virtually, since we don't get geared up and going very much until February. He would have most of February, and he might even have most of March almost all to himself and to his organization in the White House. I can't understand, for the life of me, why the President isn't weighing in to get this problem solved now as well as the problems I have been talking about. It is to his advantage. Instead, we will play these phony political games right up to Christmas Day. We have done that before. I can live with that. I can work on Christmas Day, as far as I am concerned. But it is ridiculous what is going on around here. It is ridiculous. Here we have 3 or 4 days gone, where hardly anything is going to be done, where we could resolve these problems.

We have this group together. It is a good group with good representatives from the House and Senate and, of course, the Treasury Secretary and the Director of OMB. I have high hopes they will wise up and come to a conclusion that this is what we have to do and do it as quickly as we can, in the best interests of the country, so there is some certainty for our business community to create jobs and our banks to start loaning again and for others to get involved in the economy. This is to the advantage of the President. I don't understand why he is not beating on the guys on the other side and over there in the House to wake up and do what is right. Then let's get this over with and get this country back on track again.

Republicans are dedicated to try to resolve the problem. We will not get pushed around on this. Frankly, we want to solve it with our friends on the other side. I just hope we can.

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.

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

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

#### UNANIMOUS-CONSENT REQUEST— S. 3981

Ms. STABENOW. Mr. President, as we come to the end of the year and the end of the session, I want to talk about what is happening for the American people, for small businesses, what is happening in terms of the Senate, and what is at stake as we come to the end of the year for American families, folks who are struggling every day, people trying to keep in the middle class, get into the middle class, a small business trying to keep its head above water, as well as our manufacturers, and so on.

It is extremely concerning to me that colleagues on the other side of the aisle—and they have shown it again today in a letter that was written to the leader—are willing to risk everything in order to get a bonus round of tax cuts for millionaires and billionaires. They are literally willing to stop everything, risk everything in the economy, in order to get an extra tax cut.

The reason I say “extra” or “bonus” is because we have in front of us an agreement that 97 percent of the public who earn less than \$250,000 a year for their family should be continuing to receive tax cuts permanently. Everyone who has income up to \$250,000, whether their real income is \$1 billion or not, they get a tax cut up to \$250,000 of their income. So the question we will be answering this month is whether millionaires and billionaires get a bonus, get an extra tax cut on top of that.

Here, as shown on this chart, is what the Republicans are willing to put at risk. I say to the Presiding Officer, who heard it as well as I did throughout the year, talking about the deficit, how we needed to stop the exploding deficit, that we need to bring deficits down, in order to get a bonus tax cut for millionaires and billionaires, they are willing to risk the Federal deficit, balloon it another \$700 billion—not paid for.

Now they are saying we ought to pay for unemployment benefits for somebody who lost their job in this economy through no fault of their own. But \$700 billion? The average tax cut is \$100,000 for somebody earning \$1 million. Mr. President, \$100,000 is more than the average person in Michigan makes. My guess is, in West Virginia it is the same.

So in order to keep \$100,000 a year going in a bonus tax cut for people earning \$1 million, they are willing to risk the Federal deficit exploding. They are willing to risk jobs because we have seen a policy in the last 10 years of basically giving tax cuts to

folks at the top and everybody else waiting for them to trickle down. My folks are tired. I think colleagues on the other side of the aisle just think we have not waited long enough for this to trickle down to everybody else. But the reality is that policy they want to continue, that explodes deficits, gives a bonus tax cut for people at the top, has not created jobs.

In fact, my question is, after 10 years of tax cuts for the wealthy, where are the jobs? My State has lost over 800,000 jobs during the period of this bonus tax cut policy for millionaires and billionaires. If it had worked, if we had created 800,000 jobs in Michigan rather than losing 800,000 jobs, I would be on the floor of the Senate fighting to continue this policy.

This is not partisanship. This is about common sense and what works. We have had a policy in place that has not worked, so why would we continue it? They say we have to continue this because we are in a recession.

This is part of the reason we are in a recession in terms of the fact that it did not invest in the right way. If we want to take those dollars and put them back into clean energy manufacturing and focus on making things in America, if we want to put it into what that we know is actually going to focus on jobs, good-paying, middle-class jobs, I am all for it. But \$700 billion of a policy that has not worked for 10 years makes no sense.

So that is my question. Where are the jobs? Show me the jobs, and I will be the first person on the Senate floor voting yes to continue it. But they are willing to risk the deficit. They are willing to risk jobs. They are willing now, in the letter they have sent to the leader today, to risk tax cuts for middle-class families and small businesses by saying: Do you know what. We are not going to do anything else until we continue the tax cuts for everybody in this country, including millionaires and billionaires.

They are not willing to work with us to make sure middle-class families, who are the folks who need to have money back in their pockets, and small businesses, that need that money back in their pockets, get permanent help. Then we can work on the rest of it where people disagree.

We are going to hear a lot about small business. And I find it quite surprising that colleagues have filibustered in the last 2 years 16 different tax cuts for small business—a small business jobs bill to make capital available for small business so they can keep their heads above water, refinance, grow their business. Personally, I am not going to be lectured by people who voted against 16 different tax cuts in the last 2 years for small businesses, who are now using small businesses to hide behind—the folks who are hiding behind small businesses that they are holding up as the ones for whom they are fighting.

We are happy on our side. We take a back seat to no one on fighting for