

out too. We are, in essence, borrowing \$700 billion from the Chinese to pay for these tax cuts. That is where we borrow a lot of money. We are talking about borrowing \$700 billion and putting it on a credit card for our children and grandchildren. The pages sitting here will get to pay off that \$700 billion in tax cuts for the rich, and then the \$700 billion is given to the wealthiest taxpayers. So they want to borrow from China, charge it to our children and grandchildren, and give it to millionaires and billionaires.

What kind of moral policy, let alone the bad economic policy, is that? It is bad fiscal policy to do anything but tax cuts for the middle class. It is bad economic policy. It is not fair to our children and grandchildren.

Also, I will make a comparison in this bill between unemployment benefits, extending and maintaining unemployment benefits to the 85,000 families in Ohio who found out 2 days ago their unemployment insurance was no longer. Some of those families will lose their homes, and a father will have to sit down with his 12-year-old daughter and say: Honey, we are going to lose this house and move somewhere else. The child will say: What school district are we going to be in, Dad? He would say: I don't know yet.

We know the hardship this will create if we don't extend these benefits. These people want to go back to work and they are trying to find jobs, but there are not enough jobs out there. They need money for gasoline to drive around and look for jobs, and they need all these things just to stay alive and have a decent standard of living. But take the money in the unemployment extension—as JOHN MCCAIN's chief economic adviser during his 2008 campaign said, \$1 put into unemployment benefits of a person in Zanesville or Lima or Hamilton, OH, that father or mother, that man or woman will spend that money because they need to. They need to buy shoes for their kids, food for themselves; they need to heat their homes and put gas in their cars. That money will be spent. Every dollar you put into unemployment generates \$1.60 in economic activity, and that will create jobs.

Conversely, a dollar in tax cuts for the wealthy—a dollar that goes to a millionaire—what are they going to buy that they are not already buying? They meet their needs. They have millions of dollars at their discretion to do it. They are not going to buy more food or go to a fancy restaurant or take an extra vacation. They have the money they need. That \$1 going to the wealthy, according to the analysis of JOHN MCCAIN's chief economic adviser, ends up generating about 30 cents in activity and creating significantly fewer jobs.

I want to read a couple of letters from people in my State of Ohio about what this legislation means in terms of unemployment benefits.

This is from Shanata from Montgomery County, in the Dayton area:

I have been out of work since February and have been receiving unemployment benefits. I am 36 years old and have been working since I was 16.

This is par for the course in the letters we get. These people have been working hard since a very young age.

I have applied for 100 jobs in the past month alone, and have found absolutely nothing. If unemployment stops, I will have even less. I am in school full-time, but I know that I can't return in January since I will have absolutely no way to pay my bills. Unemployment is not allowing me to go on trips, eat out every day, shop 'til I drop, or anything else frivolous. I just need to keep a roof over my head and food in me and my daughters' stomachs. Please work diligently to help extend unemployment for those who will have nothing without it.

This is Dagney from Lorain County, my home county, between Cleveland and Toledo:

Please, Senator, please do everything you can to get the unemployment extension passed. I have been unemployed for more than a year and have not found a job yet. We are two months behind on our mortgage and I am so afraid we are going to lose our house. We have exhausted our savings and my husband is off work too due to an accident. I am so worried. Please help us.

This is from Carol from Summit County, in Akron:

I am writing for myself and thousands of other unemployed Ohioans whose unemployment benefits are running out. We need help.

Mr. President, again, 85,000 families lost their benefits in my State alone three nights ago.

I am 61 years old and have been on unemployment since June 2010 and my benefits run out December 20. There are no extensions at this time and there are no jobs for a senior citizen with over 40 years of work experience. Believe me, I have tried everything from Walmart to McDonalds. I have no savings and lost what little retirement I had a couple years ago with many others. I'm not asking for a handout—just some help until the job market picks up out here. Please encourage Congress to provide at least one more extension—without it, many Ohioans will be destitute. I never thought when I was raising my family as a single mom that I would find myself in this position at this age.

I know my colleagues want to do the right thing. I believe even those who vote no on everything that I believe in, I think they want to do the right thing. I just wonder—I know they get letters like this because every one of us—whether you are in Missoula or in Eugene or in Dayton, every one of us gets letters from constituents in our States who are hurting, even in States that have pretty good economies. I don't know if they don't read them or if our colleagues never meet people like this. I assume our colleagues probably don't visit food pantries as I do, but some of my other colleagues do and hear the stories. I don't know that I have been to a food pantry in the last 2 years where I don't hear a volunteer—and most of them are staffed by all volunteers—or a paid director say: You know, see those people over there? They used to bring food in, and now they are picking up food. That is the story I hear time after time.

I don't think my colleagues are hard hearted or callous. I just wonder if they know, or if they are hearing from, people like Carol and Shanata and Dagney, or if they are not visiting food pantries and stopping at a union hall and talking to an out-of-work carpenter or a laborer who hasn't been called to a worksite for 7 or 8 months.

I have said to the majority leader that I think we should stay here until New Years. I would rather be home with my family; family is very important to me. But if we don't continue these unemployment benefits, we are going to ruin the holidays for those 85,000 Ohioans—and that number keeps growing—so we don't deserve much of a holiday either if that is the best we can do.

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. BINGAMAN. 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.

Mr. BINGAMAN. Mr. President, I ask unanimous consent to speak as in morning business for up to 20 minutes.

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

BAUCUS TAX PROPOSAL

Mr. BINGAMAN. Mr. President, let me start by thanking Senator BAUCUS for putting forward his proposal on tax issues. It is a responsible course for us to follow. It is one I can vote for without reservation.

He is basically saying: Look, let's ensure the first \$250,000 that is earned by any and all Americans in this next year will be subject to the lower tax rates that were put in place during President Bush's time in office—the tax rates that were adopted essentially in 2001. Of course, it also contains other very useful provisions to reinstate the estate tax at a reasonable rate, with a significant amount exempted from the estate tax. It has provisions for energy tax—the extending of energy tax provisions, which I think are very important to the country. But we had a hearing yesterday in the Finance Committee. I am privileged to serve on that committee that Senator BAUCUS chairs. We had a very good hearing on the whole issue of Federal revenues and outlays. I thought some useful information came out there. I was able to speak very briefly with Doug Elmendorf, the head of the Congressional Budget Office. I was particularly impressed with one chart he presented in his materials. I have made a copy of that, essentially, that I want to go through and explain because I think it puts this entire discussion into context.

This chart shows what has happened with both outlays—and that is the light blue line—and revenues—the darker black line—outlays and revenues of the Federal Government for a 40-year period starting in 1970 and ending, essentially, right now. One useful thing about the chart is it has an average. It shows that, on average, outlays were about 21 percent, and that is the dotted blue line across here. It also shows, on average, revenues—what the government collects in taxes—was about 18 percent, and that is the dotted black line down here. You can see there is—I don't know if you call it a structure gap but a persistent gap between what we raise for the operation of the Federal Government and what we spend. Every year we spend more than we raise.

There is an exception to that. There is a period here where these two lines cross, and that is the period at the end of the Clinton administration where we got to a balanced budget and a surplus. That was achieved for a variety of reasons, and let me talk a little about those reasons.

There was a 4-year period there, 1998 through 2001, where the Federal Government essentially did not spend more than it took in. In 2001 again, as you can see from this chart, beginning in 2001 with this precipitous dropoff in revenue, the deficits began to grow. We now have a very large deficit. What is particularly disturbing is when you look ahead and project where we are going to be over the next 5, 10, 20 years, we are projected to have a very large deficit indefinitely unless we change some things.

Changing either the outlay numbers, what we spend, or the revenue numbers, the level of taxes that are collected, is not easy. It is not easy in this Congress. It has never been easy. So how did we produce a surplus during the 4 years we had a surplus? I think there were three main factors that account for that.

In 1990, the Congress and President George H.W. Bush were able to agree to legislation that controlled spending and increased revenues as well. That was the Omnibus Budget Reconciliation Act of 1990. It, for the first time, enacted pay-go rules. It also increased taxes on the wealthiest Americans by raising the top income tax rate from 28 percent to 31 percent.

At the time, President George H.W. Bush said—this is a quote from him—“It's time, I think it's past time, to put the interests of the country first.”

Over the next 5 years, this legislation did reduce the deficit by a total of \$480 billion. That was one of the factors that got us to that period of balanced budget and surplus.

The second factor was in 1993, when the Congress and President Clinton agreed, again, to legislation that increased revenue and controlled spending. This legislation once again raised taxes on the wealthiest Americans. Over the 5 years following, the legisla-

tion reduced the deficit by \$430 billion and revenue increases were responsible for over half that deficit reduction that occurred in that period.

Of course, the third factor, which is the most important, is that the country enjoyed very strong economic growth during the 1990s, particularly the latter part of the 1990s. That allowed revenues to rise above the historical average we see down here, this 18 percent historical average for revenues. We were able to get that up significantly, both because of the changes in law that occurred under President George H.W. Bush and under President Clinton and the very good economic circumstances we enjoyed in the 1990s.

What caused the situation to reverse? Was it an increase in spending or was it a decrease in revenue? I think this chart makes the point very clearly that initially what caused the situation to reverse was the Bush tax cuts of 2001. They reduced revenue by \$70 billion in that exact same year, 2001. In total, the tax cuts President George W. Bush signed into law reduced revenue by an estimated \$1.6 trillion over a 10-year period. The actual costs may have been significantly greater.

Simply put, the Congress and the President, when we enacted those Bush tax cuts, so-called Bush tax cuts, cut taxes more than we could afford to unless we were willing to also dramatically cut spending, and we did not cut spending. In fact, we increased spending. We increased it fairly dramatically to fund the Afghanistan war, to fund the Iraq war, to fund Medicare Part D. None of that new spending was paid for.

Former Congressional Budget Office and Office of Management and Budget Director Peter Orszag estimates that because they were not paid for, the Bush tax cuts, if extended again, and Medicare Part D, those together would add \$5 trillion to the debt over the next decade.

So the votes we are casting on this tax issue are significant votes that will reverberate for some time and affect our economy and the deficit and the debt. People need to understand that.

Of course, in the last 3 years since we have been in this recession, the deficit has worsened very substantially. Revenue dropped to historic lows as the economy contracted. Spending also increased due to the Recovery Act and also due to the automatic stabilizers we have built into the law, such as unemployment compensation.

It is important to note that only about 10 percent of the debt we incur over the next 10 years—the debt over the next 10 years—is due to the Recovery Act.

With the economic recovery underway, the size of the deficit is beginning to stabilize. You can see that at the far right end as part of this chart. You can see these numbers, you can see the outlay number beginning to come down, you can see the revenue number at least leveling off, and that is positive.

But the obvious point I think we need to understand is, we cannot solve the deficit problem by simply reverting to the situation before the economic crisis. The chart shows that, on average, outlays have exceeded revenues by about 3 percent of gross domestic product. That is about \$450 billion under the current size of our gross domestic product. In other words, if Congress can only accomplish an average performance, we are looking at a \$½ trillion deficit going forward even after we are fully out of this recession.

Clearly, we need to do better than that. Congress needs to make some tough choices, both to control spending and to increase revenues, just as we did in the 1990s. Both the President's Deficit Reduction Commission, which I know is having its final vote today, and the bipartisan commission led by my former colleague, Senator Pete Domenici, and Alice Rivlin, former Budget Director—both of those Commissions recognize we will need revenue increases as well as spending cuts to solve the deficit problem.

The proposal that Senator BAUCUS has come forward with is to allow everyone in the country to enjoy the lower tax rates that were adopted under President Bush but only to enjoy those lower rates for the first \$250,000 of income each year. I know Senator SCHUMER has a proposal which says we will allow the lower rates on taxation of earned income to apply to the first \$1 million of income of all Americans. All Americans will get the tax cut, as they will under the proposal by Senator BAUCUS, but Senator SCHUMER's proposal would be to give them the lower rates on the entire \$1 million that they earn in the first year. Above that they would have to pay the rates that were in place under President Clinton's time in office, in the 1990s, when the economy was so strong.

The question is, Can we in this Congress do what needs to be done to deal with the deficit issue and particularly on this tax bill to do what needs to be done to raise revenue? Tomorrow we will be voting on whether to let the Bush tax cuts expire for income above \$250,000. One of these votes will be to effectively raise taxes on annual income above \$1 million, as I said. Compared to other choices we have, it seems to me this is a fairly easy choice. If we are not willing to revert to the Clinton-era tax rates on any income, no matter at what level, then it is going to be very difficult for us to make a credible claim that we are serious about the deficit.

I urge my colleagues to support the Baucus proposal, and I hope we can get a good, strong bipartisan vote on that. It is clear to me Americans do want to see the taxes they are paying on the first \$250,000 of their income remain where they are today. That will only happen if we are able to pass this proposal Senator BAUCUS has put forward.

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

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

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Republican leader is recognized.

SCAPEGOAT POLITICS

Mr. MCCONNELL. Mr. President, we have heard a lot from our friends on the other side this week about the middle class, and that is because their policies have been so ineffective in helping the middle class.

They are trying to distract the American people from their record. It is that simple. This is what those in power often do when their policies don't work. They search for a target, and the targets Democrats have decided on are Republicans and small business owners, our Nation's leading job creators, which is, of course, ridiculous.

All of this finger-pointing is doing nothing to create jobs. It is a total waste of time.

This morning, we learned unemployment is now at 9.8 percent, even higher than last month, and Democrats are responding with a vote to slam job creators with a massive tax increase.

Millions of out-of-work Americans don't want show-votes or finger-pointing contests. They want jobs.

Americans don't want to see meaningless theatrics in Congress. They want us to do something about the economy. The single best thing we can do is to tell small businesses across the country they are not going to get a tax hike next month.

These are the folks that create the jobs that every one of us claims is our first priority. Why in the world would we do something that makes them less likely to create those jobs?

Our friends on the other side know all this just as well as Republicans do, but for some reason their base is demanding that they raise taxes on small business owners.

It is the perfect way to punctuate their 2-year experiment in antibusiness, big-government policies that have only led to more joblessness, more debt, and more uncertainty.

Over the past several weeks, we have seen a growing number of Democrats begin to publicly disagree with their own leadership on the wisdom of scapegoat politics in a time of recession.

We saw this in a vivid way yesterday, when so many Democrats in the House defected from their leadership on the show-vote Speaker PELOSI held over there.

And we have seen it here in the Senate, where a number of Democrats have told their constituents that, no, of course they won't raise taxes in the middle of a recession.

They know as well as Republicans do that raising taxes—on anybody—is counterproductive in a fragile economy like ours. And they have said so.

One of our Democrat colleagues even went on "Good Morning America" and said he would extend the current rates "for everyone." So we fully expect these Democrats to keep their word and vote against proposals that do anything less.

These votes are a purely political exercise at a time when Americans are looking for action.

And here is all the proof we need: The author of the plan to raise taxes on anybody who earns more than a million dollars a year has openly admitted that the only rationale for that figure is that it sounds better—that it is the best way to send a message that Republicans are bad.

How about forgetting who looks good and who looks bad and start thinking of what is good and what is bad for working Americans?

These votes are an affront to millions of people struggling to find work.

What these votes say is that Democrats care more about doing harm to their political adversaries than doing good for middle class Americans struggling to find a job.

We don't help the middle class by punishing job creators; we hurt them.

We make it harder for them to find jobs. We make it harder to revive the economy.

We have now had more consecutive months of 9 percent unemployment than at any time since the Great Depression. And Democrats would rather play games than do something about it.

It should go without saying that Americans have had enough of this.

It is time to get serious. It is time to put the needs of middle class Americans above the needs of the liberal base that is demanding a show here in Congress. And that is all that this is—a show.

The left-wing might find it all very entertaining, but most Americans don't find it amusing at all. They don't want games; they want action. It is long past time we took them seriously.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. FEINSTEIN. I ask unanimous consent that the order for the quorum call be rescinded.

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

MIDDLE-INCOME TAX CUTS

Mrs. FEINSTEIN. Mr. President, I rise to support the Middle Class Tax

Cuts Act of 2010, which gives permanent tax relief to struggling American families who need it most. By extending the current rates for 98 percent of taxpayers, this bill provides the certainty and security necessary to protect working Americans, while at the same time indicating that we need help and that we ask upper income Americans to help address our growing fiscal deficits.

Make no mistake; extending current tax rates for the middle class is crucial in order to encourage economic growth. The economic turmoil of the last 3 years has left many American families cash-strapped and struggling to stay afloat. Every extra dollar is critically important. The evidence bears this out. Analysis by the Congressional Budget Office indicates that lower and middle-income taxpayers have a higher tendency to spend every dollar they earn. Consequently, by ensuring tax rates don't rise on lower and middle-income earners, we prevent a dramatic decline in consumer spending that could have a negative impact on this fragile economic recovery.

Today's job numbers are bad. They indicate we are far below what is necessary to reduce the unemployment rate. Unemployment remains persistently high—12.4 percent or over 2.2 million people in my State, California, unemployed and 9.8 percent or 15.1 million people across America unemployed. With economic growth projected to be slow in the near future, those numbers will likely not come down for some time.

America is hurting right now. Those who can should step up and help. I know of no millionaire who needs a sustained tax cut of 4.6 percent or who has asked for one. But I know several who are willing to step up and help. That is the irony of this debate.

Conversely, the evidence is extremely poor for extending tax cuts for wealthy Americans. When the CBO analyzed the number of different policies aimed at creating jobs, sustained tax cuts for the wealthy came in dead last. Interesting. On the other hand, permanently extending the Bush tax cuts for the wealthy would require \$700 billion more in deficit spending. They are unpaid for.

In light of this report issued Wednesday by the President's fiscal commission, of which some of my colleagues are members, I simply cannot argue for extension of the upper income brackets.

It would be one thing if I could say the Bush tax cuts for the wealthy contributed to an era of substantial economic growth and prosperity. But here is the key: History does not support that.

In 2001, the first set of Bush tax cuts was proposed as a means of stimulating the economy as we emerged from the dot-com bubble. Of course, we were also projected to have a \$5.6 trillion, 10-year budget surplus. We all know that when President Clinton left office, he left a surplus.