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 I ask unanimous consent that the order for the quorum call be rescinded.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

In light of these facts—the fact that there was money, there was a surplus—I voted for the first round of Bush tax cuts. I believed the government surpluses should be returned to the American people. But as President Bush was leaving office, we were forced to confront some very sobering truths. The 10-year budget deficit was projected to be $6.3 trillion, not the $5.6 trillion surplus we had thought. There was a total turnaround. The national debt had increased by over 80 percent.

The argument made by Republicans, if we remember, during that time was that deficits don't matter. It doesn't matter that the Iraq war was not funded. The tax cuts didn't matter. ''Deficits don't matter'' was reiterated throughout this Chamber, and the belief was that lower income tax rates would actually increase revenue for the Federal Government. This has been debunked by recent history.

CBO data shows that changes in law between 2001 and 2005 resulted in deficit increases of $539 billion, and the Bush tax cuts accounted for nearly half that amount.

However, the most scathing indictment against extending these tax cuts for the wealthy is illustrated in our recent history of inequality and wage stagnation. From 2003 to 2007, incomes for families in the top 5 percent of taxpayers increased by 7 percent, while incomes for the other 95 percent of taxpayers remained stagnant. So from 2003 to 2007, the only incomes that increased were the top 5 percent. Everybody else remained stagnant. So the economy was clearly working for the other 5 percent but not for anybody else.

The average income of the top 1 percent of income earners increased by 10 times as much as that for the bottom 90 percent. That is an amazing figure, if you think about it, that the top 1 percent gained 10 times more in income than all of the other bottom 90 percent of taxpayers.

During the expansion of 2002 to 2007, families saw their median income drop by $2,000. That is the first time Americans have seen their incomes drop during a period of economic growth. So there was growth, but the median income was dropping during that period of time.

During this period, also, income tax rates for the top 1 percent of earners were reduced by twice as much as rates for anyone else. The top 1 percent today—and under the Bush years—are paying less in taxes than they did in the Clinton years. So there was actually a drop in rate for the top 1 percent.

In 2007, the top 10 percent took home almost half of the country's total earnings, which translates to the highest level of income inequality in our Nation's history in that year, 2007.

We face a number of daunting problems. Our national debt is now in excess of $14 trillion. If we continue deficit spending, we will unquestionably begin to constrict economic opportunity for this generation and those that follow.

Our economy is struggling to grow at a pace that will start providing jobs, we hope, for over 15 million out-of-work Americans. I think income inequality today is at a historic high, and it is an unacceptable high.

In light of these facts, I do not see the merit in the argument that a permanent extension of the Bush tax cuts for the wealthy will have a materially beneficial impact on the economy, and I applaud Chairman BAUCUS for introducing a responsible bill recognizing these stark realities.

If we were to do this, we increase income inequality. If you continue to lower taxes for the top brackets, all you do is increase income inequality. You grow the gap between the rich and the poor. I would suggest that bodes ill for the United States of America.

Chairman BAUCUS also included two key provisions in this bill, and I would like to take a few moments to speak about them.

This summer, I introduced a bill that would allow family farmers to defer their estate tax payments until they sold the farm or took it out of operation as a farm. The idea was to make sure small working family farms avoided having to make crippling decisions about their land when it came time to pay the estate tax. Let me explain why.

Family farms today in America are land rich and cash poor. Farm incomes have not kept pace with rising land values in this country, which puts family farms in a precarious position when it comes to settling estate tax bills. Because family farmers often have little cash on hand to pay the estate tax, they can be forced to sell land to developers in order to make good on the estate tax. Over multiple generations, this can decimate the operation of a farm.

This proposal before us today would preserve the existence of family farms by allowing them to defer paying the estate tax until they are taken out of operation and to reassess it at a stepped-up value at that time. By doing this, we can preserve and strengthen existing family farms, which I strongly believe are part of the fabric of this country.

This provision would not be available to everyone. It includes income and asset restrictions in order to ensure that the deferral benefit goes only to farmers who need it most and not agribusinesses. If farmers who elect deferral fall out of compliance with the requirements, they would face a recapture penalty in the amount of the estate tax owed. It is my hope in this way we can help ensure the continued existence of family farms, and I applaud the chairman for including this provision.

The legislation also includes a 2-year extension of the highly successful Treasury Grant Program, which has been widely credited with maintaining strong economic growth in the renewable energy sector in 2009 and 2010 despite the severe economic turndown.

The grant program has proven a particularly effective job creation tool. According to a Lawrence Berkeley National Laboratory study, the program has enabled hundreds of renewable energy projects to move forward and save more than 55,000 American jobs in the wind industry alone.

Prior to the economic meltdown, clean energy project developers relied on tax equity partnerships with investors to take advantage of clean energy tax incentives. In 2008, the economic meltdown froze the $8 billion tax equity market, jeopardizing billions of dollars in clean energy investment. The Treasury Grant Program proved an effective replacement for these partnerships, supporting about $18.2 billion in clean energy investment to build 8,600 megawatts of renewable energy generation through October 25 of this year.

With most utilities and developers still unable to utilize existing production and investment tax credits, and our Nation's economic recovery dependent on the creation of new jobs, this 1-year extension of the grant program is critical.

According to a survey of all leading participants in the tax equity market, without an extension of the program, the anticipated financing available for renewable energy is expected to decrease by 56 percent in 2011.

In contrast, a recent study found that a 1-year extension of the Treasury Grant Program would result in nearly 65,000 more jobs in the solar industry alone and enough additional solar power to power more than 1.2 million homes.

So it is important to emphasize this is not a new Federal incentive program. It simply allows clean energy companies to utilize existing investment and production tax credits without having to partner with Wall Street banks.

This proposal, however, does include one serious problem, which I and many of my colleagues oppose: an extension of wasteful subsidies and tariffs for ethanol. The Baucus draft would extend, for 1 year, the ethanol tariff at 54 cents per gallon while lowering the tax credit for blending ethanol into gasoline from 45 cents to 36 cents. This increases the real trade barrier on ethanol imports. Fuel importers will pay a real 18 cents per gallon tariff on ethanol that they do not have to pay if they choose to import oil instead.

This will only make America more dependent on foreign oil from OPEC states. It will increase the competitive advantage that oil already has over cleaner, climate friendly ethanol imports from democratic, sugar-producing states including Brazil, Australia, and India. This is bad trade policy, bad environmental policy, and bad energy policy.

This provision is in direct conflict with the Imported Ethanol Parity Act, a bill I have introduced on a bipartisan basis. This bill would require the ethanol tariff to be lowered to the same level as the ethanol subsidy. I believe the tariff should be lowered to 36 cents per gallon, at a minimum, in this bill. Keeping the tariff at 54 cents does not make sense.

Even the ethanol lobby itself does not believe the tariff should be this high. In a statement just this week, the primary ethanol lobbying group, the Renewable Fuels Association, put out a statement saying:

> The tariff simply exists to offset the value of the tax credit, preventing American taxpayers from subsidizing foreign ethanol producers.

Bottom line: If the ethanol tariff served only as an offset, it should be at the same level as the subsidy, not 18 cents higher.

Also, this proposal would be extraordinarily expensive. Oil companies are required under the Renewable Fuels Standard to use 13.95 billion gallons of biofuel in 2011. At 36 cents per gallon, the subsidy would cost the U.S. Treasury more than $5 billion to pay profitable oil companies to follow the law. We cannot afford such a subsidy to oil companies that will use the ethanol anyway.

I believe it is important to underscore who is bearing the brunt of the pain being doled out by the economic downturn and the subsequent weak recovery. The top 2 percent of taxpayers are not the ones suffering during this crisis. In fact, with sales of luxury goods set to surge to their highest peak since the recession began in 2007, the recovery for the richest Americans seems well under way. They are able to do well for one reason or another in this economy. But it is the income groups below them who are not, who cannot get the loans, who cannot meet the payrolls, whose homes are being foreclosed on, who have great difficulty surviving in this most difficult economic marketplace.

So let's not forget why we are faced with this impending tax increase in the first place. The Bush tax cuts were designed to sunset because they were not paid for. They were not paid for because we were told they would lead to higher revenues. In fact, that has not happened. It is time to let the Bush tax cuts for the wealthy Americans expire.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

DEFICIT COMMISSION REPORT

Mr. DURBIN. Mr. President, underneath the ground level of the buildings on Capitol Hill is a subway system. It connects on the Senate side the major buildings where Senators and staff and committees have their offices with this glorious Capitol Building. If you get on the subway over at the Dirksen Office Building to come over to the Capitol, it is a very brief journey. I do not think it lasts for an entire minute. In less than 1 minute you move from the Dirksen Office Building over to the Capitol Building.

This morning, I took that journey, leaving the meeting of the deficit commission to come over to the Senate floor, and in less than 1 minute I emerged from the world of reality to a surreal world in the Senate. Let me explain.

For the last 10 months, because of President Obama's Executive order, we have had a bipartisan deficit commission that has asked some of the hardest questions I have ever faced as an elected official: How can we come to grips with the debt of this country? What can we do to reduce spending and increase revenue so our children do not end up inheriting an unconscionable, unsustainable debt?

It has been a hard meeting to discuss changes in the law and changes in spending. The goal was to cut $4 trillion out of the deficit in the next 10 years. It sounds simple, doesn't it, with a government this size and an economy this size, but it is not. When you get down to it, hard choices have to be made.

Erskine Bowles from North Carolina and Alan Simpson, former Senator from Wyoming, chaired it and did a great job. It was inspired by KENT CONRAD, our colleague from North Dakota, and Senator JUDD GREGG of New Hampshire. They were the ones who asked for this commission.

We went to work for 10 months, and today we voted on that commission report. I voted yes. I left that deficit commission to take that short 1-minute subway ride over here to the Capitol to emerge in the Senate Chamber and to try to understand how two buildings so close to one another can be so far apart. Here on the floor of the Senate, the debate is on whether we should extend tax cuts for the wealthiest people in America. Doing that will add dramatically to our national debt.

Just to put it in perspective, Senator MITCH MCCONNELL's proposal for tax cuts for the next 10 years will cost us $4 trillion. Does that number sound familiar? That is the amount the deficit commission was told to eliminate in spending and create in revenue over the next 10 years. All of the work of this commission, as controversial as it is, would only pay off Senator MCCONNELL's Republican tax cut proposal, meaning we would make no progress in reducing the deficit of the United States of America.

Well, let me tell you about that vote over in that deficit commission. My phone has been ringing off the hook because some people know—and I will put it on the record—I am a progressive. I come from the left side of the spectrum. I am a Democrat. I am proud of it. I come from a tradition of two wonderful people who served in this Senate: Paul Douglas of Illinois, who was my first boss on Capitol Hill when I was a college kid, and his friend and my mentor, Paul Simon of Illinois, who preceded me in the Senate. They were both liberal and proud of it, but they were both fiscally conservative. Someone may ask: How could you do that? Well, because, as Douglas once said and Simon often repeated, if you are a liberal, it doesn't mean you are wasteful. It doesn't mean you are a spendthrift and can't be thrifty and find ways to cut spending so that the money that is absolutely needed in America for critical national security or the benefit of people who are struggling is there when you need it. They believed those two things were consistent, and I do too.

What this deficit commission forced us to do was take an honest look at the debt of America, which is over $13 trillion. This debt has exploded in recent years.

A little bit of history. When President William Jefferson Clinton left the White House 10 years ago, the national debt was $5 trillion. The budget was in surplus. There was extra money in the budget that was being used to buy time and longevity for Social Security. And it was projected that the next year, there would be a $120 billion surplus in the budget. Ten years ago: $5 trillion debt, budget in surplus, and $120 billion surplus predicted for the next year.

Fast forward 8 years after President George W. Bush, and there was a much different picture. The national debt was no longer $5 trillion. The national debt of America had risen in 8 years to $12 trillion. It more than doubled. The budget was in serious imbalance.

Unfortunately, President Obama inherited in his first year a more than $1 trillion deficit. That is the budget he was left by President Bush. What happened in 8 years for that dramatic negative turnaround in debt in America? We waged two wars and didn't pay for them. We had programs that might have been fundamentally sound, such as the prescription drug program, but we didn't pay for them. And there was the argument by the Republicans that in hard times and good times alike, tax cuts were always the answer. So for the first time in the history of the United States of America, during two wars, we gave away tax cuts, plunging this Nation deeper and deeper into debt. Today, that national debt is over $13 trillion.

Listen to this: 40 cents out of every dollar we spend in Washington is borrowed—40 cents. Who loans us the money? The Chinese—they are our mortgagors—Japan, Korea, the OPEC nations. Sadly, as we become more deeply in debt and more indebted to them, we are at their mercy. If tomorrow—and it could happen as quickly as 1 day—if tomorrow the Chinese said: We have lost confidence in the American dollar and we don't believe this government is serious about deficits, we could see a dramatic negative economic impact on the United States of America. We are at the mercy of our