

can all agree this has been a significant success.

How do we continue on this path toward reducing our oil dependence? I will conclude by highlighting three areas, three key goals I hope we can focus on in the Senate in the coming weeks.

First, we need to enable further expansion of our renewable fuel industry, which is currently facing infrastructure and financing constraints.

Second, we need to move forward the timeline for market penetration by electric vehicles.

Finally, third, we need to make sure we use natural gas vehicles in as many applications as makes sense based on that technology.

Every barrel of oil we displace from the transportation sector and we, therefore, do not need to consume in the United States makes our economy stronger—not to mention our personal pocketbooks—and less vulnerable to the volatility of the current marketplace.

We need to keep drilling. We are good at that. It is helpful to have more supplies on the world market. I am not arguing against that. But at the same time, we need to recognize that the long-term solution to this challenge is to move away from such great dependence on oil. This is a strategic vision President George W. Bush, who previously had worked in the oil industry, clearly articulated in his 2006 State of the Union Address. We subsequently proved in Congress, in 2007, the year after that State of the Union Address, that we have the ability to make significant changes in our energy consumption and that it is possible to mobilize a bipartisan consensus to do so.

The bipartisan path we laid out in the Energy Independence and Security Act in 2007 is the right approach. As part of whatever bipartisan approach we take to energy in the weeks and months ahead, we need to continue moving in this same direction.

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

The PRESIDING OFFICER (Mr. FRANKEN). 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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. Without objection, it is so ordered.

THE PUBLIC EMPLOYEE PENSION CRISIS

Mr. HATCH. Mr. President, I rise to speak on a matter of great importance to the economic health of State and local governments. I am talking about dangerously underfunded employee pensions.

We hear about this problem every day in States such as Illinois, California, New Jersey, and many others. It is a multitrillion-dollar problem. Let me repeat that. The underfunding of

these pensions runs into the trillions of dollars. Not billions, trillions.

How did this happen? There are two primary causes. First, governments have promised too much money in lifetime pensions; and, second, governments have not set aside enough money to pay for those pensions. The shortfall between the money that has been promised and the money set aside is called underfunding, but that is just a sterile accounting term that means we don't have enough money to pay the bills. Where I come from, that is called being broke. It is bad enough when you go broke because you have been irresponsible with your own money. Yet it is a tragedy when governments go broke being irresponsible with taxpayer money.

That is what I fear we are watching as this public pension crisis unfolds. There have been many studies in recent years of our public pension crisis. There is no question about whether this crisis exists. The only question is the magnitude of the crisis.

One prominent study by scholars at the Kellogg School of Business at Northwestern University estimates that public pension plans are underfunded by over \$3 trillion. That is a lot of money. An analyst at the Brookings Institute says public pensions are \$2.5 trillion in the red. A study published last month found that all by itself, California has a \$240 billion pension shortfall. You heard that right. California alone has a pension debt of \$¼ trillion. Some have estimated that Illinois is in even worse financial shape.

If the States and localities do not act aggressively to address these shortfalls, then the question will not be whether the States will become insolvent but when? Regardless of whose numbers and which study gets the closest to the mark, there is no denying that public employee pensions face a multitrillion-dollar shortfall in the aggregate.

Though none will deny this shortfall. Some will seek to shift the blame and shirk responsibility for this crisis. I want to nip in the bud one of the arguments of those interests who would prefer to ignore this crisis. They will argue this is not a problem of too many pension promises and the underfunding of those promises. They will try to divert attention from the fact that public employee pensions have too often not been funded on a sound basis. Instead, they will say the pension funding problem is owing to the 2008 economic crisis and the big businesses that, they say, caused it. This is way off the mark. But don't trust me, trust the numbers. This pension shortfall existed before the recession, and an attempt to lay blame at the feet of Wall Street or big business or some other group is just plain blame shifting.

One aspect of the problem is that governments have been slow—and public employees have been resistant—to transitioning to the types of retirement plans that private sector workers

have been living with for years. The rest of the world has moved toward 401(k)-style plans, called defined contribution plans. In these plans, costs are lower and more predictable. They fit well with an increasingly mobile and dynamic workforce. Yet governments have remained wedded to expensive, traditional pension plans for far too long.

These old-style traditional pension plans—defined benefit plans—owe a monthly payment for life to each employee regardless of how much money the government has set aside, regardless of how well the pension assets have been invested, and regardless of whether the ratio of active workers to retirees has remained stable. For most private companies these plans proved simply unsustainable, and over time they moved toward more flexible retirement plans for employees. Yet as usual, government is slow. It is slow to innovate and slow to adapt.

So even though these defined benefit plans had the potential to cause enormous financial problems for governments, governments stuck with them. Private companies learned long ago that traditional pension plans are too expensive for most businesses.

In 1985, 80 percent of medium and large private companies had a traditional pension plan. Today, just 30 percent have a traditional plan. By contrast, 84 percent of State and local government workers are covered by high-cost traditional pension plans. And government is not just any employer. Governments only exist because of taxpayers.

Ultimately, taxpayers are the employers of government employees. Yet these governments are living in the past, playing irresponsibly with taxpayer money, and leaving taxpayers to foot the bill for too many lifetime pension promises.

So why do these lifetime pension guarantees continue? There are many reasons, but at the top of the list is the unique character of government as an employer. Private employers moved away from traditional pensions to more affordable 401(k)-style plans because they can't stay in business if they ignore economic reality. Yet governments have kept their unaffordable traditional plans, often because public employee unions use taxpayer-funded union dues to elect State and local politicians and then ask the same politicians they just elected for costly pension deals at taxpayer expense.

When a union bargains with a private employer, employer and employee have an interest in the business continuing as a viable enterprise. If the benefits are costly and uncontrollable, the business goes under and everyone is out of a job.

But where are the interests in a negotiation between a public employee union and the person they just helped to elect to office? Where are those interests? Union bosses are sitting across the table from the Governor of the

State—the Governor they just helped to elect with millions in campaign contributions—and they ask him for a costly, guaranteed lifetime retirement package, often with little or no cost-sharing by the public employee. What is a politician going to say? Sorry, but I can't help you? I doubt it.

I want to read something from the Wall Street Journal. On October 22, 2010, just prior to the last election, the Journal carried a story about the role the American Federation of State, County and Municipal Employees, or AFSCME, was playing in that election. According to the journal:

The American Federation of State, County and Municipal Employees is now the biggest outside spender of the 2010 elections. The 1.6 million-member AFSCME is spending a total of \$87.5 million on the elections after tapping into a \$16 million emergency account to help fortify the Democrats' hold on Congress. Last week, AFSCME dug deeper, taking out a \$2 million loan to fund its push. The group is spending money on television advertisements, phone calls, campaign mailings and other political efforts. "We're the big dog," said Larry Scanlon, the head of AFSCME's political operations. "But we don't like to brag."

"We are the big dog." That about sums it up. And when the big dog barks, it expects the people it helped elect to jump. Why do you think they are spending all this money? Because public employee unions care about global warming?

Richard Trumka, the head of the AFL-CIO, a man I respect, has said he talks with the White House every day and visits a couple times a week. Why do people think he is doing that? Playing pick-up basketball with the President? He is talking about how to benefit his unions, and lately that means public employee unions.

There were some recent reports suggesting that Organizing for America—a Democratic National Committee project designed to reelect President Obama—was helping to foment the protests in Wisconsin. These unions are spending big-time money to elect politicians because they know the politicians will deliver big-time benefits. But the chickens are coming home to roost. As we are seeing in State after State, the markets have something to say about these collusive relationships and the benefits they secure. The credit-rating agencies have announced they will begin factoring unfunded pension obligations into the calculations they use to rate the creditworthiness of States. This is significant because the total value of State bond debt is estimated to be around \$1 billion, while pension debt is at least two or three times that amount.

State credit ratings reveal another aspect of the State budget crisis. The five States that prohibit collective bargaining of retirement benefits have Moody's highest credit rating. California and Illinois, which allow collective bargaining of retirement benefits for public employees, have the lowest credit rating among the 50 States. The

next four lowest States also allow collective bargaining.

Illinois is in the worst shape of all, with less than 40 percent of the funds needed to pay its public employee pensions. The Illinois situation is so dire that for the last 2 years the State has had to borrow money just to make its pension contribution. This year Illinois had to pay a 2-percent higher interest rate just to borrow money to contribute to its pension program. Now, this is madness, and it cannot go on forever.

Thirty years ago the Federal Government moved away from an expensive traditional pension plan and set up a basic pension plan in combination with a 401(k)-style defined contribution plan. The system has worked well so far, although at some point we might need to reform Federal pensions too. Some forward-looking States have begun moving to 401(k)-style plans.

In my own home State of Utah the traditional pension plan is being replaced. New employees are being given a choice between a 401(k)-style plan and a hybrid plan with a combination of traditional and 401(k)-style features.

Last year Governor Chris Christie in New Jersey added a 401(k) plan for a portion of the New Jersey workforce. In Kansas, Governor Sam Brownback and the Kansas Legislature are studying the possibility of converting their pension system into a 401(k)-style plan. In Wisconsin, Governor Scott Walker has asked that the State study the feasibility of establishing a 401(k)-style plan.

There are many potential solutions to the public pension crisis, and all of them should receive consideration. We should be encouraging these courageous Governors on rather than demonizing them and demagoguing this issue. I, for one, would like to congratulate the Governor of Wisconsin for his bold stand on the issue of public employee benefits. The victory he secured last week is significant. He stood responsibly for the long-term interests of his State rather than doing the easy thing and caving under the pressure of union-organized protests and the childish and disrespectful resistance of Democratic lawmakers who chose to flee the States rather than engage in this debate.

Governor Walker understands our greatest enemy is delay. The director of the Pew Center on the States has said that while these problems are significant, they can be solved if we act now. If we wait, the crisis will become unmanageable.

Mr. President, it is my intention as ranking member of the Finance Committee to find a way to address the public pension crises if State and local governments don't step up to the plate. I am under no illusions this will be an easy task. The problem is both large and complex. There are many potential solutions that must be studied, and some will not be pleasant.

Some of my colleagues in the Senate have a proposal to address the problem,

and I will be working with them as well. I do not have all of the answers yet, and I have not settled on what I believe are the best solutions. But we are working hard and talking to the experts about the best way to proceed.

I am sure of one thing, however, and I want to be 100 percent clear about this. There will be no Federal bailout of any State or local government. Let me just repeat that. No Federal bailout.

Just last month, after Illinois sold its high-interest bonds, the Governor indicated that he plans to ask for a Federal guarantee. Well, Governor, you can save your breath. The answer is, no.

We cannot ask taxpayers and the rest of the country to pay for underfunded pensions in Illinois, California, or any other State that made promises it clearly cannot keep. To do so would be more than unfair; it would be immoral. A Federal bailout cannot happen, and it will not happen.

Mr. President, 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.

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

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

IRAN'S HUMAN RIGHTS ABUSERS

Mr. KIRK. Mr. President, I rise today to speak about the deteriorating human rights situation in Iran.

We understand that Esfandiar Rahim Mashaei—Iranian President Mahmoud Ahmadinejad's Chief of Staff will be arriving in the United States as early as tomorrow.

Mr. Mashaei is a close friend and trusted adviser of President Ahmadinejad. Their kinship began in 1982 when President Ahmadinejad was governor of Khoy in West Azerbaijan and the Intelligence Ministry appointed Mr. Mashaei to the security team in the Kurdistan region next door. Since then, Mr. Mashaei has been a member of Ahmadinejad's inner circle.

The world knows of President Ahmadinejad's public incitement against Jews and Israel—most infamously with his pledge to wipe Israel off the map. But the world may not know the virulent anti-Israel and anti-Semitic views of his trusted adviser.

In 2008, Mr. Mashaei told Sudanese President Omar Hassan Ahmad al-Bashir:

The corrupt and criminal Zionist regime is harming not only the Arab and Islamic world, but humanity in its entirety . . . in order to save humanity from its different crises, there is no other way other than the limiting of Zionist influence on human society, because the root and origin of most of the world's current crises are related to Zionism.

Shortly after the discredited Iranian Presidential election in June 2009, Mr.