

the deficit. But Democrats will not sacrifice seniors' retirement security, women's health, our children's education, or our Nation's veterans. The cuts we make have to be smart cuts, and those aren't smart. They are radical. We want an agreement that is reasonable and responsible.

I wish I could say the same about those on the other side of the negotiating table. They forget that not one of those people led us into a recession, and punishing seniors, women, children, and veterans will not lead us to a recovery. Their budget would cost 700,000 jobs and slow economic growth. It would take us backward, not forward. That is as counterproductive as it comes. The point of this entire exercise is to help the economy. Democrats won't stand for a budget that weakens it.

Our bottom line—our strongest desire to reach an agreement—hasn't changed because our willingness to compromise hasn't changed. We long ago accepted the reality that getting something done means not getting 100 percent of what we want. We long ago accepted the fact that the only way to reach consensus between a Democratic Senate and a Republican House is to compromise.

I wish I could say the same about those on the other side of the negotiating table. The Republicans have demanded a budget that can pass with only Republican votes. Instead of seeking a bipartisan budget, they are actively seeking the opposite.

The Republican leadership has the tea party screaming so loudly in their right ear that they can't hear what the vast majority of the country demands. The country demands that we get this done. As I have said before, the biggest gap in these negotiations isn't between Democrats and Republicans; it is between Republicans and Republicans. So the Speaker has a choice to make and not much time to make it. He can either do what the tea party wants or what the country needs.

Madam President, I will close with two pieces of advice that we would be wise to heed today, one from American history and one from ancient history.

Henry Clay served in both Houses of Congress, in the House and in the Senate. He actually held the same seat the Republican leader now holds. He was a Senator from Kentucky. He also held the same gavel Speaker BOEHNER now holds at three different times. Henry Clay served as Speaker of the House, I repeat, on three separate occasions. In his esteemed career, he earned the nickname "The Great Compromiser." So Henry Clay knew what he was talking about when he said:

All legislation is founded upon the principle of mutual concession.

This legislation—this budget—is no exception. But it is important to remember that the most important word in that quote isn't "concession," it is "mutual."

We all have a responsibility to be reasonable, which brings me to the sec-

ond piece of advice: To everything there is a season. To paraphrase a passage we all know well, a passage much older than the old statesman Henry Clay, there is a time to campaign and a time to govern. There is a time to be partisans and a time to be partners. We stand here with less than 72 hours on the clock. It is time to get to work. It is time to get the job done. This is the season for action.

Will the Chair now announce morning business, please.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business until 11 a.m., with Senators permitted to speak therein for up to 10 minutes each, with the time until 10:40 a.m. equally divided and controlled between the two leaders or their designees, with the majority controlling the first half and the Republicans controlling the final half, with the Senator from New Hampshire, Ms. AYOTTE, recognized at 10:40 a.m.

The Senator from Illinois.

Mr. DURBIN. Madam President, it is my understanding that the Democrats have the first half of morning business.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. DURBIN. I ask unanimous consent to be recognized in morning business.

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

INTERCHANGE FEE REFORM

Mr. DURBIN. Madam President, I rise to speak about the issue of Wall Street reform, which I know is near and dear to the Senator from New York, who represents Wall Street.

I do believe what Congress achieved last year on Wall Street reform was wise not only for our Nation but also to avoid the possibility of another recession. There are many financial institutions across the United States, including New York, but the fact is, many of their practices led us into the recession we are now experiencing.

It was quite a battle last year. Senator Chris Dodd of Connecticut, now retired, led the battle on the floor of the Senate to try to make sure we had the necessary oversight and balance when it came to our financial institutions to avoid the likelihood of another recession. The banks fought back, but in the end we prevailed and Senator Dodd passed the measure here in the Senate, and it was passed in the House of Representatives under the leadership of Congressman BARNEY FRANK of Mas-

sachusetts and signed by the President. It really gave us a chance to move forward with oversight, regulation and reform on Wall Street.

It was signed last July by the President, but many of the most important elements of the Dodd-Frank bill will not go into effect until July 21 of this year. Several of them are very important to America and important to me as an individual because as a Senator I offered an amendment to this bill. It was a controversial amendment and, for the banks, an expensive amendment. For the Wall Street banks and credit card companies, the interchange fee amendment, which I introduced and passed with 64 votes—17 Republicans and 47 Democrats—was an amendment which will cost the biggest banks and credit card companies in this country a portion of the up to \$1.3 billion a month they collect in debit interchange fees. Imagine that. In any given year, \$15 billion or \$16 billion is being collected by these banks through credit cards from merchants, retailers, and consumers all across America.

From the moment that bill was signed into law, these Wall Street banks and credit card companies have been involved in an all-out, nonstop campaign to repeal the law. Now, they can't just flat-out repeal it because they know that looks a little too obvious. So instead, what they are calling for is postponement—just postpone it for 2 years while they study it. That is their argument. They believe we need to look into this a little more closely. Well, the record suggests they are not after a study. They are after \$1.3 billion a month in profit. It turns out it is actually 30 months that the delay would take place, so that is about a \$40 billion postponement that the Wall Street banks and credit card companies are asking for. And who pays the \$40 billion? Merchants and retailers and customers all across America. That is why leading consumer advocacy groups support my amendment and oppose this \$40 billion delay which has been suggested in the amendment that is being offered.

Last year, when we passed landmark legislation to reform the debit card swipe fees that are enriching Wall Street banks and crushing businesses and consumers on Main Street, they started organizing to repeal.

For years, the banking industry has been engaged in a collusive practice. Banks have let the Visa and MasterCard monopoly credit card companies fix the interchange fee rates that banks receive from merchants each time a debit card is swiped. The so-called swipe fee is the fee the banks get, but they don't set the fees, the credit card companies set them. This is unregulated price fixing by the VISA and MasterCard duopoly on behalf of thousands of banks, primarily the biggest banks in America. The same banks we bailed out are now coming back here and saying don't cut into our profits, don't in any way reform or change

the interchange fee that affects merchants, retailers, or consumers.

Incidentally, when the Federal Reserve took a look at the interchange fee that we pay every time we use a debit card, for example, it averages about 40 cents. The actual cost of using the debit card: less than 12 cents. So what they are doing is imposing this fee on every transaction in every place across America. This is unregulated price fixing by VISA and MasterCard. It is a sweetheart deal for the banks, too. According to the Federal Reserve, banks make about \$1.3 billion each month, as I mentioned, in debit interchange fees and the fee rates keep going up even though the cost of processing continues to drop.

Last year, Congress decided we should place some reasonable limits on VISA and MasterCard. We did this to ensure that they cannot use their market power and price-fixing ability to funnel excessive fees to the Nation's biggest banks. Congress said if VISA and MasterCard are going to continue fixing interchange rates that merchants pay banks, the rates ought to be reasonable and proportional to the actual cost of processing the transaction. It is a narrowly targeted reform and we made a major exemption of small banks and credit unions. If they had assets of less than \$10 billion, they were exempt. You wouldn't know that. They are acting as if this is going to apply to them. I recommend they read the law, which specifically exempts them.

There are two arguments which have been raised recently in opposition to interchange reform. The first is we need more studies. I know banks and credit card companies believe that interchange reform needs to be studied to death but many studies have already been done. There were at least seven congressional hearings specifically on interchange fees before we passed the amendment. I chaired one of them. Another two hearings on interchange fees have been held since the amendment became law. There were also at least three different GAO studies on interchange fees prior to the amendment's passage. It is not as if this matter has not been studied; it has been.

That is not all. Economists and payment systems experts at the Federal Reserve have been studying interchange fees for years. They have put out at least 10 significant reports. Do we need another study?

One of them was the January of 2010 study by Fumiko Hayashi, a senior economist at the Federal Reserve Bank in Kansas City. She did an international comparison of interchange fees in the United States and 12 other countries. Listen to what she found: "In general, the United States has the highest debit card interchange fees" and that "the United States has the highest interchange fees for both credit and debit cards among the 13 countries where adoption and usage of payment cards are well advanced."

I can see why the banks and credit card companies want to ignore that

study. Americans are paying more every time they use plastic than any other of 13 of the largest nations in the world that use credit and debit cards. Do you know what the debit fee is in Canada, from VISA and MasterCard? Zero—40 cents a transaction for the United States of America, God bless them for treating us so kindly; zero for Canada. Why? Because the Canadian Government spoke up for retailers, merchants, and consumers, and said stop this. It is price fixing. Now we have done the same and the Wall Street lobby and the credit card lobby are coming down here hitting hard to repeal this interchange fee reform.

There was another comprehensive study, a 2009 paper put forward by the Federal Reserve's Divisions of Research and Statistics entitled "Interchange Fees and Payment Card Networks: Economics, Industry Developments, and Policy Issues." This study analyzed the structure and economic theory behind the interchange system and discussed various ways of reforming the system.

Then there was a 2008 paper by James McAndrews and Zhu Wang of the Kansas City Fed on the economics of the payment card markets. Their study found, incidentally, that "privately determined card pricing, adoption and usage tend to deviate from the social optimum, and imposing a ceiling on interchange fees may improve consumer welfare." The Kansas City Federal Reserve came up with this finding but the credit card companies ignore it. They want another study. They don't like a study that says interchange fee reform is good for consumers.

The Boston Federal Reserve did a study in 2010 and found on average every year, each cash-using household pays \$149 to card-using households.

The studies go on and on. I will put them in the RECORD. I see several of my colleagues on the floor, but I want to make one other point as well. Whenever I talk about Wall Street banks and the credit card companies and the costs associated with debit card fees charged to American consumers and retailers, the first thing I hear is: There he goes again, defending Walmart.

There is no question about it, Walmart is the largest retailer in America. When it comes to the use of credit and debit cards, I am certain they have a larger volume of sales from that than any other. But let's do some comparison here for a moment. According to Forbes.com, in 2010, Walmart, the largest retailer in America, had \$17 billion in profits.

I ask unanimous consent for 2 additional minutes.

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

Mr. DURBIN. They had \$17 billion in profits and a 4-percent profit margin. That sounds like a lot and it is, but not compared to the big banks. JPMorgan Chase, one of the largest issuers of

debit cards, had \$17.4 billion in profits last year. That is more than Walmart, incidentally. And their profit margin wasn't 4 percent like Walmart, it was 15 percent.

This is the same Chase that has said any regulation of interchange fees will force them to raise fees on consumers. One of the most profitable banks in America threatens consumers that if they cannot charge the interchange fees they want to charge, they are going to raise fees on consumers. Isn't that great? "Your money or your life," when it comes to Chase. Chase has more profits than Walmart and a 15-percent profit margin.

For the record, let me go back and discuss a few more of the studies that have already been done on interchange fees. For example, Terri Bradford of the Kansas City Fed published a report entitled "Developments in Interchange Fees in the United States and Abroad."

This report, which was published in 2008, said the following:

While regulation of interchange fees is still just a point of discussion in the United States, regulation abroad is a reality. In about 20 countries, public authorities have taken actions that limit the level of interchange fees or merchant discount fees. Many of these actions require interchange fees to be set according to cost-based benchmarks, although the cost categories that are eligible for the benchmarks vary by country. In several countries, interchange fees are set at zero.

Federal Reserve researchers are not the only ones who have studied interchange fees.

In 2006 the Antitrust Law Journal published an article by Alan Frankel and Allan Shampine called "The Economic Effects of Interchange Fees."

This article found that the interchange fee "acts much like a sales tax, but it is privately imposed and collected by banks, not the government. It significantly and arbitrarily raises prices based not on technologically and competitively determined costs, but through a collective process."

And in March 2010, Albert Foer, president of the American Antitrust Institute, published a study that found the following:

Governments around the world have been taking actions to eliminate or severely reduce interchange fees based on studies and investigations that clearly establish that these fees are abuses of market power. Moreover, the results demonstrate that interchange fee regulation works. Despite the protests of MasterCard and Visa and their giant card-issuing banks, mandated interchange fee reductions have increased competition in foreign payment card markets and have benefitted consumers through lower prices.

In short, there have been a large number of studies done about interchange fees. And this does not count the enormous amount of research, information collection, and analysis that the Fed has done since my amendment was enacted last July.

The problem from the perspective of Visa, MasterCard and the big banks is that they simply don't like what these

studies have found. So they pretend these studies never happened and call for new ones where they are guaranteed a more industry-friendly outcome. It is obvious that their calls for more study are an effort to delay reform indefinitely. The big banks will do anything to prolong the status quo and to keep collecting \$1.3 billion per month in excessive debit swipe fees.

I want to further address another argument that has been raised recently.

Some have argued that we should not follow through with interchange reform because it will only benefit big box retailers. Of course, this is not true. Swipe fees impact retailers of all sizes, from the smallest mom-and-pop stores to the largest retail chains. They also affect universities, charities, government agencies—everyone who accepts plastic as a form of payment. And they affect all consumers, who pay higher prices at retail because of the cost that swipe fees add to every transaction.

But many still like to portray this debate as a struggle between the banks and card companies versus the big box retailers. Well, let's look at those big box retailers and compare them to the big banks and credit card companies. Some of my colleagues may be surprised to learn that the big banks and card companies are significantly more profitable than the big retailers.

According to *Forbes.com*, in 2010, Wal-Mart, the largest retailer in the country, had \$17 billion in profits and a 4 percent profit margin.

Sounds like a lot, right? Well, not compared to the big banks. Last year, according to *Forbes.com*, JP Morgan Chase, one of the largest issuers of debit cards, had \$17.4 billion in profits—more than Wal-Mart. And Chase's profit margin was a robust 15 percent.

This is the same Chase that has said that any regulation of interchange fees will force them to jack up fees on consumers. Chase has more profits than Wal-Mart and a 15 percent profit margin. Why are they pleading poverty and threatening their customers with higher fees?

Well, what about other giant retailers? How are they doing? Target, the well-known retail chain, had profits of \$2.9 billion and a 4.3 percent profit margin last year. Let's compare that to Wells Fargo, another giant debit card-issuing bank. Wells Fargo last year had \$12.4 billion in profits and a 13.3 percent profit margin.

Large retailers would love to have the profit margins of the big banks. But they don't. Last year the largest drug store chain, CVS Caremark, had profits of \$3.4 billion and a 3.6 percent profit margin. The largest grocery store company, Kroger, had profits of \$1.1 billion and only a 1.4 percent profit margin.

Historically we have seen low profit margins and intense competition in the retail sector. According to a June 8, 2009, article in *Fortune Magazine*, Wal-Mart has only an 11 percent market

share of the retail market, and Target has only a 2.3 percent market share. This shows that retail is an intensely competitive sector.

Let's compare that level of competition to the debit card industry. This past Monday, an article on *CNBC.com* reported that the Visa and MasterCard duopoly now control around 90 percent of the debit card market.

It is pretty profitable to be a duopoly. According to *Forbes.com*, in 2010: Visa had \$3.1 billion in profits and a 37 percent profit margin, and MasterCard had \$1.8 billion in profits and a 33 percent profit margin.

It must be nice to be a big bank or a credit card company these days. Big banks and their card network allies are making money hand-over-fist these days while retailers of all sizes are struggling to turn a profit. Rising interchange fees are a key part of this equation.

It doesn't have to be this way. If we can constrain Visa's and MasterCard's price-fixing on behalf of the 1 percent of biggest card-issuing banks, we will reduce the cost of interchange for every merchant and other entity that accepts debit cards. Competition in the retail sector will mean consumers will benefit through discounts and lower prices. Given the large profit margins at the nation's biggest banks, they will be able to stay in business once swipe reform is completed.

In fact, we know that banks and card companies can continue to offer debit cards profitably with lower interchange rates.

They did it before—up until the mid-1990s, banks used to offer debit cards with minimal or no interchange in the United States.

And they are doing it right now in other countries around the world, where there are thriving debit card industries with very low or nonexistent interchange rates.

I am going to reserve the remainder of my time and let my colleagues take the floor. I will return on the subject but I remind my colleagues, this amendment, this effort by the Wall Street banks and credit card companies to repeal interchange fee reform, is a \$40 billion amendment—\$40 billion that will be transferred to the biggest banks in America and credit card companies from consumers across America. We did the right thing with interchange fee reform. Let's stand by it and say to Wall Street, major card issuers, VISA and MasterCard, they have had enough. They can get a reasonable fee, but not an unreasonable amount out of our economy.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

Mr. McCONNELL. I will proceed on my leader time.

THE CONTINUING RESOLUTION

Mr. McCONNELL. Madam President, across the country this morning, Americans are wondering what is going on in Washington this week. They want to know why it is taking so long to fund the government. Americans want to know how we got to this point, and they deserve an answer, so here goes.

Each year, the majority party in Congress is responsible for coming up with a budget plan that explains how they are going to pay for all the things that government does. It is not just a good idea—it is the law. Congress has been required to do it since 1974.

Last year, Democrat leaders in Congress decided they didn't want to do it. They didn't want to have to publicly defend their bloated spending and the debt it is creating. So Republicans have had to come up with temporary spending bills to keep the government running in the absence of any alternatives—and leadership—from Democrats.

Republicans even passed a bill in the House that would keep the government funded through the rest of the current fiscal year, and which takes an important first step toward a smaller, more efficient government that helps improve the conditions for private sector job growth.

This House bill would save us billions of dollars on our way to a conversation about trillions. And Congressman RYAN has done a service this week by setting the terms of that larger debate—by outlining a plan that puts us back on a path to stability and prosperity.

Unfortunately, Democrats have made a calculated decision that they didn't want to have either debate—so they have taken a pass on both.

Frankly, it is hard not to be struck by the contrasting approaches to our Nation's fiscal problems that we have seen in Washington this week. On the one hand, you have a plan by Congressman RYAN that every serious person has described as honest and courageous. On the other hand, you have people like the new chairwoman of the Democratic National Committee and the previous Speaker of the House dismissing that plan in the most cartoonish language imaginable.

While thinking people have seen in the Ryan plan an honest attempt to tackle our problems head on, ideologues on the left have seen a target to distort while offering no vision of their own to prevent a fiscal nightmare that we all know is approaching.

And they still haven't come up with an alternative to the various Republican proposals we have seen to keep the government up and running in the current fiscal year. They have just sat on the sidelines taking potshots at everything Republicans have proposed while rooting for a shutdown.

That is why the Republicans in the House have now proposed another bill this week that will fund the military for the rest of the year, keep the government operating, and which gets us a