and tried to see what is in it and see where we could go from there. What they found is that it does not reduce spending by $4 trillion. His framework, as he called it, to reduce the deficit by $4 trillion would actually grow the deficit by $2.2 trillion above the Congressional Budget Office baseline.

The American people deserve an honest, fact-based budget. Instead, the President's deficit speech was the biggest gimmick yet. An analysis of the President's April 13 speech exposes the falsity of the claim that this new framework would result in a $4 trillion reduction in the deficit. The announcement reveals that the President's framework is simply a rhetorically repackaged version of the budget he submitted on February 14, a budget that the CBO estimated could actually worsen our deficits by $2.7 trillion.

The committee staff has concluded that the President's framework, compared to the current CBO baseline, would now worsen the debt by $2.2 trillion over 10 years. The President's speech is a sleight-of-hand process that creates the impression of bringing new deficit reduction measures to the table without actually doing so, leaving us at bottom with the original flawed proposal, only presented in language that seems to be new.

Here is how the process worked in the speech and how we analyzed it. I believe this is a fair analysis of it.

One, he offers the same proposals in his framework as his formal budget submission but uses new language.

Two, he assumes savings from his February budget that the Congressional Budget Office has already found to be bogus. He continues to assume savings that the objective Congressional Budget Office says are not legitimate savings. If you score savings in your budget, you can claim you made savings when you have not. We have seen that time and time again. In fact, it is one reason this government is in so much debt.

CBO, by the way, is a bipartisan group, but its leaders are selected by the Democratic majority. They have the majority. This is a group who is not hostile to the President, but they have rejected many of his claims of savings.

Three, it calculates the savings over 12 years. Everybody has been talking about 10 years. He submitted a 10-year budget. To make his numbers look better, he extends it to 12 years and claims more savings than otherwise would be the case if you are comparing apples to apples and oranges to oranges—a 10-year budget.

He adds long-term savings from the just-passed continuing resolution. He claims credit for the spending reductions the House of Representatives forced on us. Some said it was not nearly enough. That is really true. They had proposed saving about $800 billion over 10 years. By the time Democratic resistance had gone forward and the President had resisted, we ended up with only about a $300 billion savings over 10 years. He claims credit for that in his numbers.

As the analysis demonstrates, the framework in his speech offered no new proposals beyond the dangerously flawed February budget. Even if he used their own estimates that have been discredited by CBO, the framework still falls an astonishing $3.2 trillion short of what the deficit commission he appointed recommended.

Perhaps this is why the White House has been unwilling to heed the call of the Senate Budget Committee Republicans. We wrote the President. He has a huge staff over there who works every year on producing a budget. We said: If you made a speech now and if you changed what you had in your budget, translate that into a new budget and send it to us. We had that done in the past a number of times. They refuse. Why? Because a speech is more generalized, it is harder to score, it is harder to analyze, and when you put it into actual print, it can be analyzed, the numbers can be totaled, the deficits can be calculated, and you find out whether it actually does anything worthwhile. They refuse to do it.

As it stands now, we have no plan to have any real reduction of the deficit we are facing from this administration or the Democratic Senate, let alone a framework to reduce it by $4 trillion. But they pretend it is so, and that is offensive. The American people are not happy about it. They know this Senate and this Congress have a responsibility under the law and under any morality and decency to produce a budget that says what we are going to do with their money the next year and how much deficit we are going to incur, how much debt we are going to increase. They have a right to see that. All we have seen is a pushback and lulling and talk of that kind.

So we are heading to it. We are heading to a budget situation in the committee next week. I hope we will. And I think Senator CONRAD, our Democratic chairman, will submit a budget better than the President's budget. Surely it will be. I cannot imagine it will not be substantially better than the budget the President has submitted. But the question is, Will it be enough? They have already blamed PAUL RYAN and the House Budget Committee as being Draconian, ideological, and unreasonable with their budget which would reduce spending $6.2 trillion in honest numbers that they have laid out and defended publicly, which actually confronts some of our long-term spending entitlement programs and tries to get them on a rate of growth not quite as high as it currently is. They are trying to bring this country into a financially sound position.

I do not think the House budget probably goes far enough in the first 10 years to bring our debt under control, but it is an honest, respected document that every objective commentator has praised. Mr. Bowles himself said: If you disagree with Mr. RYAN's budget, at least it is honest, and you need to put your own out there with the same degree of honesty as he did. Mr. Bowles was President Clinton's Chief of Staff, the man chosen by President Obama to head his fiscal commission.

This will be perhaps the most important budget in decades—maybe ever—because our debt situation is deep. It is not easy to get out of the fix we are in. A lot of it is driven by long-term commitments we have made that are unsustainable. We have to confront that honestly and find out how to deal with it in a way that is fair and just.

They say: We cannot cut spending. We need more money for education, 10.5 percent. The State Department needs more money, 10.5 percent. The Energy Department needs more money, a 9.5-percent increase—this year they are proposing, commencing with the October 1, 2012, budget. That is the number the President has submitted. We do not have it.

I ask some of the Members of this body to call Governor Cuomo in New York or Governor Christi in New Jersey or Governor Bentley in Alabama. He just announced he was having to reduce spending by 15 percent, prorate the spending for the rest of this fiscal year by 15 percent. I feel as though that is a message that has been lost in this body.

I see my colleague Senator KLOBUCHAR here. I wanted to share these remarks this morning.

I believe the Vice President is meeting with some people—House and Senate Republicans and Democrats today. Maybe it will be budget No. 3, and maybe the Vice President can fix something. I hope they gave him the responsibility and the freedom to make a decision, or have they told him he cannot cut spending in any significant way? I don't know what they will tell the Vice President, but hopefully something will come out of that and maybe we can get on a better procedure.

At this rate, at this point in our process, we are not in a good position. I am worried about it. Hopefully, we can reach some agreement. If not, we are going to fight it out on the floor of the Senate, of the House, and in conference committee. We are going to change the debt course of this Nation because the American people are going to demand it.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The senior Senator from Minnesota is recognized.

GAS PRICES

Ms. KLOBUCHAR. Mr. President, it has been nearly 3 years since gas prices were as high as they are now. Back in July 2008, they peaked at about $4 per gallon. We are approaching $4 per gallon for gas today. The average price in Minnesota is $3.94 per gallon, and the peak driving season is right around the corner.

Back in 2008, I heard from many Minnesotans—from seniors who couldn't afford to drive to their pharmacies to pick up their prescription drugs, from workers who couldn't afford to drive to work, from middle-class moms and dads who had to cancel their summer vacations—who couldn't go up north because gasoline was just too high for their budgets.

Although it wasn't the only factor, these high fuel prices of 3 years ago helped to push our economy into a deep recession. We don't want that to happen again. One of the things we learned 3 years ago is that rising oil prices were not simply the result of supply-and-demand market factors. In fact, the dramatic runup in gas prices was due in part to rampant price speculation by people who had no business being in the oil market.

These were not airlines or trucking companies or other businesses that actually need and use oil and gas and who trade in futures in order to protect their businesses against volatility in the oil market. No, the most frenzied price speculation was by Wall Street traders and hedge fund managers who would never actually touch a drop of oil. They would never use it in their businesses. To them it was just numbers on a computer screen. They were trying to game the system to make some quick profits and then take the money and run, all at the expense of those people in Minnesota or Ohio who are standing there at the gas pump watching those numbers add up.

It is interesting; if we take a look at the gas prices in Minnesota back in 2008—we can, in fact, find it on MinnesotaGasPrices.com—between July and the end of the year, prices dropped from $4 to $1.60 per gallon. Numerous experts have concluded that underlying supply-and-demand fundamentals can't account for the sharp rise or decline in prices.

For example, in the first 6 months of 2008, U.S. economic output was declining while global supply was increasing. But when we look at the cost of oil during that time, it just doesn't match up.

In June of 2007, oil cost $65 per barrel. A year later, in June of 2008, it reached $147 per barrel. It was down to $30 in December of 2008 and back up to $72 in June of 2009. Even if supply and demand were, over the long run, pushing up the price of oil, that alone couldn't explain the massive volatility in the market.

Looking back, we now know much of the dramatic decline in oil prices was the result of Wall Street speculators fleeing the oil market because the spotlight had finally been put on them. In other words, the heat was on, and it got too hot for them to stay.

But here we are today, 3 years later, and the price of a gallon of gas is nearly $1 higher than it was 10 months ago. Once again, I am hearing from Minnesotans who are being squeezed by high prices—families, farmers, and businesses large and small.

There is no doubt some of these prices can be attributed to reduced production from countries such as Libya and Egypt. There is no doubt we can increase domestic production of oil, whether in North Dakota, our neighboring State, where they literally have doubled their production of oil over the last few years, or in Louisiana. Increased domestic production takes time and, in any case, the impact on prices would not necessarily change things—nowhere near what we are seeing right now due to speculation.

That is why a few months ago I wrote to Commodity Futures Trading Commission Chairman Gary Gensler urging him to make swift and strong implementation of speculation limits that were included in the Wall Street reform legislation we passed last year. This legislation authorizes the commission to impose limits on the size of speculative positions in oil futures markets by investors who are not bona fide oil traders. These ''position limits'' are designed to limit market manipulation and make sure the oil market is operating fairly according to supply and demand. We don't want to see Wall Street speculators further drive up oil prices in the coming months.

We also know short-term solutions will only go so far. That is why I have been focused on a long-term energy strategy, a strategy that will provide incentives for our innovators, investors, and entrepreneurs to invest in solutions for our energy future.

In 2008, I helped push through the Commerce Committee, along with a number of my colleagues, the first update to our fuel economy standards in decades. These rules, which are now in place, are expected to save 1.8 billion barrels of oil, about three times as much as Libya produces every year. I am also continuing to work on policies that will increase our homegrown energy production.

It is important to note that studies suggest that biofuels can provide relief at the pump. A recent study from the University of Iowa indicates that from 2000 to 2010 competition from ethanol reduced wholesale gasoline prices by an average of 25 cents per gallon, saving American consumers an average of $34.5 billion each year.

During the gasoline price runup in 2010, the impact of ethanol on gasoline prices was substantially larger, reducing gasoline prices by a national average of 89 cents per gallon and by $1.37 per gallon in the Midwest. Biofuels are the largest and best alternative to imported oil. In fact, we produce more biofuels in this country than we import gasoline from Canada, our largest source of foreign imports.

That is why in March I introduced new legislation with Senator TIM JOHNSON that would significantly boost our Nation's biofuels production and biofuels infrastructure while also providing long-term standards for increasing renewable energy production and major energy efficiency improvements.

First, our bill would provide consumers with more choices at the gas pump by expanding biofuels infrastructure and increasing alternative fuel vehicles. Specifically, it would expand the availability of blender pumps that are capable of dispensing different blends of ethanol and gasoline. It would provide loan guarantees to build new biofuels pipelines and would also require half of the cars produced in 2015 to be flex-fuel vehicles—natural gas-powered, electric-powered, or hybrid vehicles.

Second, to help offset costs, the bill would phase down and eventually phase out the ethanol tax credit. This credit is serving its purpose of helping to reduce the price of gasoline and reducing our dependence on foreign oil by providing consumers choices at the gas pump. But it won't be necessary forever.

Lastly, the bill would create the first national standards for renewable energy and energy efficiency along the lines of Minnesota's 25-percent-by-2025 standard and a 1-percent annual improvement in efficiency.

If I could note, our State has an unemployment rate that is significantly below the national average—two points below the national average. A lot of that has to do with our farm economy, a lot has to do with our innovative companies, but we have done it all with a renewable standard in place—25 percent by 2025. We have done it all with a significant push on ethanol and biofuels and wind and solar. So I say this can be a model for the rest of the country.

Our Nation as a whole has an unemployment rate of 8.8 percent. Gas prices are approaching record levels. We continue to send $730 million a day to foreign countries—many of which have been known to funnel money to terrorists—to meet our basic fuel needs. That is $730 million a day for fuel that we send to other countries. I think we should be investing in the farmers and the workers of the Midwest instead of the oil cartels of the Mideast. But whether it is biofuels plants in the Midwest, electric car factories across this country, electric car battery factories in the Chair's home State of Ohio, that is the future. It is not continuing to send millions of dollars a day to the Mideast.

Each of the provisions in this bill have some support from both Republicans and Democrats, and I am hopeful the bipartisan spirit of this bill can help advance a serious bipartisan discussion about thoughtful solutions to rising gas prices. The key is that everyone needs to realize that inaction is not an option; that bumper sticker slogans will only result in our kicking the can down the road. This is about putting sensible limits on speculation that doesn't affect legitimate companies that are legitimately hedging their risks. This is about a comprehensive energy plan for the future that includes drilling in Minnesota and other parts of the country but also includes natural gas, includes hydro, includes geothermal and wind and solar and biofuels. That is what this is about.

If we learned anything from Japan—and I support nuclear energy in this country, and I think that should be in the mix as well—it is that we don't want to rely too much on any one source of energy. This idea of looking regionally and looking across the country at different sources of energy is key as we go forward.

During these challenging economic times, we can no longer put our heads in the sand and pretend this isn't happening. Talk to anyone who is filling up their car at the pump now. Talk to anyone who wants to go to their cabin in northern Minnesota for the summer every weekend. They will tell you it does matter. Now is the time to act.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota.

THE DEBT CEILING

Mr. THUNE. Mr. President, at some time in the not too distant future—there is some speculation about exactly when—our country will be dealing with the issue of exceeding our borrowing authority. In other words, we have maxed out our credit card. That would be the equivalent for the average family when they can't borrow any more money.

So what happens in that event is that Congress has to take action. Congress essentially has to raise the country's borrowing authority. It is called raising the debt limit. We are coming up on that point in time. It could happen sometime in the July-August timeframe. There is some uncertainty as to exactly when that happens, but the point is it will happen.

The reason it will happen is because we have now accumulated $14.3 trillion in debt, and we have hit the limit, the cap, that exists today on our borrowing authority.

Now, $14.3 trillion in the abstract is hard for most people to wrap their heads around because it is such a massive number. If we translate it into individual terms, it amounts to about $46,000 for every single person in the United States, which in and of itself is an astonishing amount.

Our projected deficit this year is $1.425 trillion, which is the largest ever, in nominal terms. According to CBO, it is the second largest as a share of the economy, literally, since World War II. That is as much debt as we ran up from our Nation's founding, going back to the origin of this country up until 1984 or the equivalent, just in this one single year that we are going to rack up in terms of the deficit. The interest on that amounts to about $213 billion every single year or nearly $700 for every person in the United States. That is assuming interest rates stay at these historically low levels.

While the deficit spending is, in fact, something that will merely delay taxes in the future that somebody is going to have to pay, at some point this is going to have to be paid off, and that burden, in all likelihood, is going to fall on our children and grandchildren. But it is not just something we will have to deal with down the road because the implications today, the real-time implications of this level of spending and debt, are very real for the economy.

There is a great body of research that has been done. A study done by economists Reinhart and Rogoff found that countries with a debt-to-GDP ratio of more than 90 percent grew at 1 percentage point less than they would have otherwise. That is a body of research that looks at nations over the last half century. It even goes back further than that but particularly in the last half century and particularly developed nations that have gotten up to that level of debt that exceeds 90 percent of GDP. That is where we are today, 93 percent government debt-to-GDP ratio here in the United States.

If you take that assumption that anytime you reach that debt level and you sustain it over a long period of time, it costs you a single percentage point of economic growth every single year, according to the President's own economic team, that results in the loss of about 1 million jobs. If you think about the real-time implications of this level of spending and debt, it means we are losing about 1 million jobs every single year in the economy.

You cannot say this is something down the road, that we can continue to kick the can down the road. The fact is we are running out of road. We keep kicking the can, but we are at the end of the road. If we do not take steps now, not only is it going to put a crushing burden of debt on future generations and jeopardize the very foundation of our economy, it is going to have real-time implications today, not just in the future.

I suggest that as we look at this issue of the debt limit coming up, it presents a unique opportunity. I hope my colleagues on both sides of the aisle, Republicans and Democrats, can come together. If we do not bring this debt-to-GDP ratio back down, we are going to continue to suffer from these job losses, and the impact of that is really very clear.

When the government is out there borrowing more money, it crowds out private investment, so there is less money for private companies and individuals to invest in companies, equipment, plants, housing, training, all those sorts of things, and it spends money on government, on things that are probably less efficient, less necessary, more duplicative, oftentimes downright wasteful when it comes to the programs and the projects that end up being funded. It means instead of investing, having funding for new factories for people to work in, we have more bureaucrats in places such as the EPA or the National Labor Relations Board who are coming up with all kinds of new regulations that are making it more difficult for our small businesses to create jobs. We have more unnecessary Federal property being underutilized that the private sector could use more efficiently.

Unfortunately, the risk to our economy that comes from this out-of-control spending is more than just that, it is more than just the crowding out of private sector investment and the stifling effects of government regulation. We are beginning to face the very real possibility that our country could face a fiscal crisis. Former Chairman Greenspan has suggested that the risk of this occurring in the next few years is nearly 50–50—an alarming thought. Likewise, Standard & Poor's recently warned of a possible downgrade to the U.S. credit rating in the next 2 to 3 years, when they came out with their assessment of U.S. credit, and said they have attached a negative assessment to it. In most cases—at least in a majority of the cases—within a year's time, that leads to a downgrade of credit rating. That would be disastrous for a country such as ours which has always taken great pride and has been the rock out there when it comes to an AAA credit rating.

It is notoriously difficult to predict ultimately when a debt crisis might occur, but it would be inexcusable for us to continue to spend at these elevated levels without assuming there is even the slightest hint of a risk that this could be very devastating to our country, let alone that risk could be very high. But if it were to occur, we would need drastic spending cuts to drag ourselves out of this fiscal crisis, spending cuts that by today's standards would probably be unimaginable.

But the worst effect of this would be the deep recession it would throw our economy into. Think about that. If we did have a debt crisis in this country, what would that mean? For most people, it is going to mean higher interest rates, it is going to lead to countless job losses, pay cuts for a lot of people if you have job losses, and probably significant loss of savings, which would take a terrible toll on the American people. Those are many of the implications of a debt crisis and the implications it would have on the economy—starting, as I said earlier, with higher interest rates. It would make it more difficult for people to borrow money for a home, for a car, for their business. All those sorts of things would be impacted.

But that does not have to be the case. The reason it does not is because most experts have suggested—and it is really true—that this is the most predictable economic crisis we have ever had. It is not as though we don't see it coming. You see all the warning signs out there. You see all the red flags out