

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business for debate only until 4:30 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Arizona.

WELCOMING SENATOR HELLER

Mr. KYL. Mr. President, I note that Vice President BIDEN was just here in the Chamber for the swearing-in of our newest Senator, DEAN HELLER from Nevada. I add my congratulations to now-Senator HELLER joining this body.

REDUCING THE DEBT

Mr. KYL. Vice President BIDEN has been kind enough to host discussions—starting last week and going into this week and perhaps beyond—with Members of the Senate and the House of Representatives to try to find a way to reduce the huge debt that hangs over the United States, as a prelude, I am sure he would put it, to the Congress acting on the President's request that Congress increase the debt ceiling.

There have been generally two ways suggested on how to deal with our debt. Many Democrats believe the wealthy in the United States do not pay enough taxes, and therefore one way to reduce the debt is for taxes to be increased, especially on the wealthy. Most Republicans believe that is a bad idea, that since debt is our problem and we got into debt because we have been spending too much, the better way for us to deal with the problem is to begin reducing our spending and to make sure over the years we are able to do that.

There are a couple of interesting things that have just come out in the news recently that I think bear on this argument.

A lot of folks wonder about the debt burden in the United States, and I think it is useful to point out the fact that last week the Wall Street Journal reported that the Joint Committee on Taxation found that “the percentage of U.S. households paying no federal income tax . . . reached 51% for [the year] 2009.” I think that is the first time in the history of America that over half of Americans didn't pay Federal income taxes. I do not think that is a good thing. While certainly people in the lower income brackets are not able to pay very much in the way of taxes, I think even a very small amount, an affordable amount, would be appropriate so everybody has what they call skin in the game, so everybody understands the relationship between the burdens and the benefits of government. I would not impose a significant tax on the lower half or certainly not the lower 10 percent, but I think it is important for all Americans to know we all have a stake in this, and that more than half of the people cannot just expect the so-called

wealthy to bear all of the burdens of government.

But the question remains, are American wealthy taxpayers undertaxed? I think a useful measure to look at here is a comparison with other countries, for example. The OECD countries—which stands for Organisation for Economic Co-operation and Development—are generally regarded as the most advanced economies in the world, and the United States is one of those countries.

A study that is based on 2008 statistics found that the highest earning 10 percent of the U.S. population paid the largest share among 24 countries examined, even after adjusting for their relatively higher incomes, and it concluded:

“Taxation is most progressively distributed in the United States,” the OECD concluded.

The bottom line here is that for a country to be competitive, the people who provide the capital for job creation, for economic growth, have to have some capital remaining after they have earned it in order to invest that capital, return it to their businesses, hire more people, be more productive, create more wealth, and thereby provide for the families of the people who own the businesses and, by earning more income, increase the amount the Federal Government and the State government take in as revenues.

Republicans are very happy to concede it would be helpful if the government has more revenues in order to help close this debt gap we have. The question is how we get more revenues. We believe more revenues are a function of a growing economy. Here too some statistics that just came out over the weekend, I believe it was, demonstrated that we can actually delay the increase in the debt ceiling by some period of time because revenues to the Federal Treasury have been a little higher than previously expected. Why? Because the economy grew more than expected, and as people made more money, they therefore paid more in withholding and in Federal income taxes. That is the way for the government to get more revenue—for the economy to do better, for Americans to do better.

So if you tax more the people who are the ones likely to do the investing into businesses, will you get more investment? Will you get more Federal revenue? Well, you will get a little bit more to begin with, but in the long run, you will get less. One of the reasons it is not a good idea to tax more the very people whom we are referring to in this study is because half of all the small business income reported is reported as part of the highest income tax bracket for individuals. In other words, small businesses do not pay as corporations, they pay as individuals, and when a small businessman has to report his earnings, he reports all of the income from his enterprise. A lot of that is business expense, but that is how he has to report it. So you are

talking here about half of all that income reported being taxed at a higher rate, if, in fact, the President and some of his colleagues have their way. That will reduce the amount of investment and growth in the economy and thereby make it harder for us to pay off this large debt.

The advocates of a gigantic tax increase are really very shortsighted, therefore, in assuming that if they raise tax rates, they are going to get more revenues. That is what they tried to do in Japan during the late 1990s. It did not work out. Japan went back into a deep recession, and it is not going to be possible for them to generate existing revenue with their higher tax rates.

The way you get robust growth is not with higher tax rates but with lower tax rates. A rapidly expanding economy does create new jobs and income for investment and wealth-creating enterprises, and obviously some of that wealth flows back to the government and can be used to reduce the debt.

But the policy tools we decide upon in these negotiations will have a lot to say about how we are able to reduce the debt and whether part of that will be a result of economic growth in the future. Obviously, the point here is not just to have economic growth so the Federal Government can earn more in income tax revenue but to promote American prosperity and a better future for our families.

So the question is, Will we impose tax hikes that discourage investment and punish job creation or will we make the tax system more efficient and conducive to growth?

I wish to cite a couple of studies to show why it is most important for us to focus on reducing spending rather than raising tax rates, because spending cuts, not tax hikes, are the best way to close the massive budget gap and help to produce economic growth in our country.

One study was performed by two Harvard economists, Alberto Alesina and Silvia Ardagna. By studying large-scale fiscal adjustments by wealthy developed countries from 1990 to 2007, they determined that “spending cuts are much more effective than tax increases in stabilizing the debt and avoiding economic downturns.” Moreover, they found “several episodes in which spending cuts adopted to reduce deficits have been associated with economic expansions rather than recessions.”

Two economists at Goldman Sachs, Ben Broadbent and Kevin Daly, undertook a similar study and reviewed every major fiscal correction in wealthy nations since 1975. They found:

Decisive budgetary adjustments that have focused on reducing government expenditures have (i) been successful in correcting fiscal imbalances; (ii) typically boosted growth; and (iii) resulted in significant bond and equity market outperformance. Tax-driven fiscal adjustments, by contrast, typically fail to correct fiscal imbalances and are damaging for growth.

So reducing spending was the way not only to reduce the debt of the

country, but it also boosted growth; whereas, tax-driven adjustments had exactly the opposite effect and failed to correct fiscal imbalances and were damaging for growth.

A final study—and I think this is interesting because it focuses on what we think are big-spending countries. It is by the same two economists, Broadbent and Daly. They pointed specifically to Ireland, Sweden, and Canada. They pointed out cases driven by cuts in public spending. Sweden, in particular, which is famous for being a generous welfare state, was able to trim the size of government substantially—all of which suggests to me that if Stockholm can do it, Washington ought to be able to do it today.

Reducing the short-term deficit and stabilizing the long-term debt are critically important to American prosperity and living standards, and if you do it by reducing spending rather than increasing tax rates, you can also have the additional benefit of increasing prosperity not just for businesses and families but for the U.S. Government, which would then make more in terms of income tax revenues.

The bottom line here is when we work to forge this bipartisan compromise that everybody is looking to us to reach, we should bear these basics principles in mind: Cutting spending, not raising taxes, is the answer.

I ask unanimous consent to have two documents printed in the RECORD. The first one was published in the National Review Online, dated May 9, called "The Future of American Prosperity," which I authored. The second is a publication which was in weekly-standard.com on May 16, by Frederick Kagan and Kimberly Kagan.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the National Review Online, May 9, 2011]

THE FUTURE OF AMERICAN PROSPERITY
(By Senator Jon Kyl)

SPENDING CUTS, NOT TAX INCREASES, ARE THE
SOLUTION TO OUR DEBT CRISIS

Members of both parties agree that Washington's present fiscal course is dangerously unsustainable. We're now borrowing 40 cents for every dollar we spend. This profligacy continues to weaken the dollar, threatening its status as the global reserve currency and fostering anxiety in the bond markets. Last month, Standard & Poor's delivered a sobering wake-up call when it revised its outlook on the U.S. long-term credit rating from "stable" to "negative."

No question, our accounts must be brought into balance—but not at the expense of economic growth. Those who advocate gigantic tax increases are short-sighted. Amid a sluggish recovery, abrupt tax hikes could drive the economy back into recession. (That's what happened in Japan during the late 1990s.) Moreover, it will be impossible to generate sufficient revenue without robust growth. A rapidly expanding economy creates new jobs and income for investment in wealth-creating enterprises. Some of that wealth flows back to the government and can be used to reduce the debt.

The policy tools we use to restore fiscal stability will go a long way toward shaping

the future of American prosperity and promoting the economic expansion we need. Will we impose tax hikes that discourage investment and punish job creation? Or will we make the tax system more efficient and conducive to growth?

As these and other questions are debated, policymakers should consult the evidence from other industrialized countries, which overwhelmingly suggests that spending cuts, not tax hikes, are the best way to close massive budget gaps and help produce economic growth. Indeed, after studying large-scale fiscal adjustments by wealthy, developed countries between 1970 and 2007, Harvard economists Alberto Alesina and Silvia Ardagna determined that "spending cuts are much more effective than tax increases in stabilizing the debt and avoiding economic downturns." Moreover, they found "several episodes in which spending cuts adopted to reduce deficits have been associated with economic expansions rather than recessions."

Goldman Sachs economists Ben Broadbent and Kevin Daly recently undertook a similar study that reviewed every major fiscal correction in wealthy nations since 1975. They found that "decisive budgetary adjustments that have focused on reducing government expenditures have (i) been successful in correcting fiscal imbalances; (ii) typically boosted growth; and (iii) resulted in significant bond and equity market outperformance. Tax-driven fiscal adjustments, by contrast, typically fail to correct fiscal imbalances and are damaging for growth."

Broadbent and Daly pointed to successful fiscal adjustments in Ireland (1987–89), Sweden (1994–98), and Canada (1994–97). In each case, the adjustment was driven primarily by cuts in public spending. Sweden in particular is famous for the generosity of its welfare state. Yet, when faced with a crisis, Swedish officials were able to trim the size of government substantially. If Stockholm could do it back in the mid-1990s, Washington can do it today.

Reducing the short-term deficit and stabilizing the long-term debt are critically important to American prosperity and living standards. But studies show that if fiscal consolidation relies heavily on tax increases, it will stifle economic growth and prove counterproductive.

This is the lesson we must apply as we try to forge a genuine bipartisan compromise to deal with our debt crisis.

[From WeeklyStandard.com, May 16, 2011]

BIN LADEN IS DEAD . . .

BUT AL QAEDA ISN'T—WE SHOULD BUILD ON OUR SUCCESS IN ABBOTTABAD BY REDOUBLING OUR EFFORTS TO DEFEAT HIS MOVEMENT

(By Frederick W. Kagan and Kimberly Kagan)

Osama bin Laden's killing was a great moment for America and for decent people around the world. But allowing the euphoria of that moment to drive us to irresponsible decisions in South Asia would be devastating to America's interests and security. Al Qaeda has not yet been dismantled or defeated.

Osama bin Laden's death has no implications for the number of American or international forces in Afghanistan, for their mission, or for the timeline for their reduction. George W. Bush sent forces into Afghanistan not to kill bin Laden, but to oust al Qaeda from its safe haven there, defeat that organization, and create political conditions that would preclude its return to Afghanistan. Barack Obama reaffirmed that mission in his December 2009 speech setting out the current strategy. He chose a counter-insurgency ap-

proach because a return of the Taliban regime to Afghanistan would allow al Qaeda to re-establish safe havens there, whether drawing on the historical friendliness between the two or the inability of the Taliban to prevent their return to the country. Furthermore, the protracted, virulent insurgency creates opportunities for al Qaeda-linked Pakistani proxies such as the Haqqani network to invigorate international terrorist groups and use them in the fight in Afghanistan. President Obama has been pursuing the right strategy, and the forces the United States and its international partners have committed to executing it are—just barely—adequate to achieve it.

The outcome of the war in Afghanistan hangs in the balance. American forces and their allies made dramatic gains last year, clearing the Taliban out of safe havens throughout southern Afghanistan, their heartland. Eastern Afghanistan, where al Qaeda-linked groups have a stronger presence, has also seen considerable progress. Contrary to some media reporting, neither al Qaeda nor Lashkar-e-Taiba has established safe havens in the wake of the withdrawal of U.S. forces from isolated river valleys in Kunar Province. In fact, a series of offensive operations in the valleys and the province has inflicted great harm on elements of those organizations. Kunar's capital, Asadabad, is a growing and increasingly thriving town, as we saw on a recent visit. And Afghan Army troops have remained in some of the outposts from which U.S. forces withdrew, demonstrating their determination to control their own territory.

Although al Qaeda has not reestablished sanctuaries in Afghanistan, it has not been for lack of trying. U.S. forces only recently killed a senior Afghan al Qaeda official in Kunar, and there is ample evidence that al Qaeda and Lashkar-e-Taiba, among other Islamist groups, would welcome the opportunity to set themselves up in a lawless Afghanistan once again. The need to help Afghans establish a state that can prevent the reemergence of terrorist sanctuaries remains after bin Laden's death, and the current strategy, adequately resourced, is the only way to achieve that goal. Calling for accelerating the withdrawal is tantamount to declaring that Afghanistan has become irrelevant with bin Laden's death and that succeeding there is no longer important for America's security.

Consequently, there is a great deal of fighting ahead. Continued military engagements are needed to make precarious improvements enduring and handle other challenges. The enemy will work hard this year to retake its lost sanctuaries in the south, to conduct spectacular attacks in Kabul and elsewhere, and to strengthen its remaining safe havens in the east. Our forces will try to hold and expand security gains in the south and make progress in the east, but conditions are not set for any major reductions in those forces.

If there is cause for cautious optimism in Afghanistan, there are ample grounds for pessimism on the other fronts in the struggle with militant Islamism. Bin Laden's presence in Pakistan has once again concentrated the minds of Americans on the fact that Pakistan's leadership has yet to come to consensus about the need to combat and defeat militant Islamist groups within Pakistan's borders. Nor has the United States developed any real strategy for addressing this challenge. We can hardly expand the campaign of targeted strikes further, particularly after the recent raid deep into Pakistani territory. And the drone campaign will not defeat the virulent terrorist groups it is attacking. Overreacting to suspicions of Pakistani complicity in bin

Laden's presence in Abbottabad by suspending all aid or military ties or by taking other drastic actions would make it much harder, not easier, to operate against the terrorists who threaten us.

On the contrary, withdrawing forces from Afghanistan and cutting all aid to Pakistan would merely reinforce two of the most prevalent conspiracy theories in South Asia—that the United States will always abandon those who rely on it, and that we were only there to get bin Laden anyway. We should, instead, build on the symbolic victory of killing bin Laden by following through with the president's strategy to dismantle and defeat the militant Islamist groups supported as proxies by some in the Pakistani security apparatus. Only by defeating those proxies can we reasonably hope to compel Pakistan to reevaluate its security interests and develop a policy to oppose and suppress all militant Islamists operating within its borders.

But al Qaeda has not confined itself to its sanctuaries in Pakistan and Afghanistan. Al Qaeda thrives in political weakness and has been in the process of expanding around the globe. The core al Qaeda group of which bin Laden was the head (often referred to as Al Qaeda Central) has long had at best only a tenuous control over the operations of its dispersed franchises. That control rested partly on resources Al Qaeda Central directed, partly on the value of its recognition of a particular group as worthy of the al Qaeda brand, but largely on the symbolic importance of the charismatic bin Laden. Bin Laden's likely successor, Egyptian doctor Ayman al-Zawahiri, is far less charismatic. His accession to the leadership role could prompt a competition between Al Qaeda Central and its franchises over which group really is at the center of the movement. Such competitions, unfortunately, unfold in the form of spectacular attacks, particularly those conducted on the territory of Western states.

Al Qaeda in the Arabian Peninsula (AQAP), in Yemen, is the most active and perhaps the most dangerous al Qaeda franchise in the world. The Arab Spring has reached Yemen with a vengeance—massive protests have led to the defection of elements of the Yemeni military, with the result that armed forces are concentrating for potential civil war in and around the capital and elsewhere in the country. Attempts to broker a negotiated departure for Yemen's hated president, Ali Abdullah Saleh, have broken down. It is far from clear that any such agreement would keep the peace there for very long in any case. Already Saleh has brought back to his capital some of the elite, U.S.-trained Special Forces units supposedly dedicated to the fight against AQAP. As the work of Katherine Zimmerman at AEI's Critical Threats Project has shown, almost any likely scenario going forward will give AQAP more freedom to train, plan, stage, and conduct attacks from increasingly lawless tribal areas in which it has considerable local support. The combination of Yemen's slide toward state failure and bin Laden's death could create a tremendous opportunity for AQAP. His death may also lead to an increase in AQAP's efforts to conduct spectacular attacks against the United States and the West.

Another al Qaeda affiliate already has control over large portions of a state: Al Shabab is the de facto government of much of southern Somalia outside of Mogadishu. It has not been formally recognized as an al Qaeda franchise, but its ties with AQAP are long and deep, and its ideology closely mirrors al Qaeda's. Shabab is kept from controlling all of southern and central Somalia only by the presence of peacekeepers from Uganda and Burundi, who have been barely able to hold

parts of the capital. Shabab is unlikely to suffer at all from bin Laden's death, but it may see a chance—or feel the need—to expand the reach of its strikes in sympathetic retaliation.

Al Qaeda in Iraq, fortunately, remains relatively ineffective, despite efforts to revive itself as American forces withdraw. But the continued presence even of American military trainers in Iraq after the end of this year remains in doubt, and it is not clear that the Iraqi military on its own will be able to maintain the necessary degree of pressure on that al Qaeda franchise. If the complete withdrawal of American forces now underway leads to the explosion of ethnic conflict between Iraqi Arabs and Kurds, as some analysts fear, Al Qaeda in Iraq could find fertile ground to reestablish itself, undoing the progress we have made since 2006.

A protracted stalemate in Libya could also set conditions for al Qaeda groups to pose again as the only reliable allies of eastern fighters feeling abandoned by the United States and the West. Although the current Libyan resistance leadership is not penetrated by al Qaeda or supportive of that organization or its ideology, eastern Libya is the area that has produced the most al Qaeda fighters in that country and that has the conditions most conducive to the injection of al Qaeda's ideas and leaders.

More remote scenarios could see the rise of al Qaeda franchises or fellow travelers in Egypt, elsewhere in North Africa, the Levant, or Equatorial Africa, but there is no need to belabor the point. The struggle with al Qaeda, to say nothing of the larger struggle against militant Islamism generally, is far from over. Clear and present dangers are, in fact, emerging. It can be tempting to argue that these threats merely show the wisdom of withdrawing from Afghanistan, which is not now a center of al Qaeda activity, to focus on more pressing problems elsewhere. We must resist that temptation. Our struggle against Al Qaeda in the Arabian Peninsula will not be helped by our giving its affiliates and allies free rein in Afghanistan and returning Taliban leader Mullah Omar, whom all al Qaeda affiliates recognize as "the leader of the faithful," to a position of power.

Success in Afghanistan and Iraq remains vital. American withdrawal from either commitment will be taken throughout the Islamist community as a sign of weakness and indecision. But success in those two theaters is not enough. This moment in the war with militant Islamism is the time to take stock of our global strategy and to develop coherent approaches to the dangers already visible on the horizon. No one wants to invade Yemen, Somalia, Libya, or any other country. But the strategies we have been relying on in Libya and Yemen are failing, and we have never had a strategy for Somalia. The United States must seek every possible way of averting the dangers of stalemate, state collapse, and the triumph of al Qaeda groups, preferably without deploying more of our own forces.

It may be that, in the end, America simply cannot be secure if terrorist groups with international ambitions have uncontested control over sanctuaries and resources. But the U.S. government has never yet focused its attention fully on these challenges, let alone focused resources on them. It is past time to do so. Those sincerely concerned with America's security should be demanding that kind of commitment and should reject utterly the notion that bin Laden's death will allow us to declare "mission accomplished" and withdraw from the Middle East, and the world.

Mr. KYL. Mr. President, since my time is about expired, I will say this is

one of the best statements I have seen recently, by Frederick and Kimberly Kagan, where they write about the result of the death of bin Laden, not offering an excuse to end the war in Afghanistan or our other efforts against terrorists but, rather, that success will come to us when we understand the nature of the threat and maintain our efforts to root it out wherever it may be, whether that be in Afghanistan, Iraq, Pakistan, Yemen, Somalia, or wherever. I think it is an excellent piece. I commend it to my colleagues as suggesting the way forward as we continue to fight the radical Islamists who would continue to visit ill on the United States and other western powers.

The ACTING PRESIDENT pro tempore. The Senator from Florida is recognized.

FLORIDA VOTING

Mr. NELSON of Florida. Mr. President, I want to call to the attention of the Senate the fact that a number of State legislatures, including our State legislature in Florida, have been enacting election law bills that severely constrict the right of the people to express their vote.

This has just occurred in the State of Florida, with the legislature adjourning in the early morning hours of Saturday, enacting a bill that has been sent to the Governor that would make it harder for the people of Florida to vote, harder for them to have their vote counted, and harder for the people to be able to register to vote.

Common sense would tell you what we ought to be doing is exactly the opposite—that we ought to be making things easier to vote, and especially in a State such as ours, which went through that awful experience in November of 2000, when there was so much chaos, not only in the voting in the Presidential election but then in the counting of the votes. Of course, we all know how that ended up—Bush v. Gore in the U.S. Supreme Court, which stopped the recount that was proceeding.

Because of that experience, to the credit of the State legislature, they started to make voting easier. For example, instead of just voting on election day, they had a 2-week period for early voting—something that other States have been doing for some period of time, so that people could go to designated polling places prior to election day. It certainly made it a lot easier on the supervisors of elections, the very people who are charged with the responsibility of registering voters and counting votes, because it spread the amount of people coming in to vote over time, so that all of them weren't there just within a 12-hour period on election day. This has turned out to be so popular in Florida that half of the voters in the last two elections voted prior to election day.

Well, can you believe that the State legislature has seen fit to cut the 14-