

families are going to have to give a little bit as we cut back on important programs for them.

Our Republican colleagues say our deficits are unsustainable, and I agree. They say the deficit problem is urgent, and I agree. They say we must act, and I agree. And we can act. We can end these oil company subsidies. Now is the time for all of us to act to end billions of dollars in handouts to massively profitable oil companies and use that money to help put our fiscal house in order.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Indiana.

DEBT LIMIT

Mr. COATS. Mr. President, I appreciate the remarks of my colleague, Senator LEVIN. I just caught the tail end, but it is a good segue into what I wish to speak about today.

Today is May 16, an important day for me, because it happens to be my birthday, although I am not anxious to have any more birthdays and it is no big deal. This day is more important because this is the day that Treasury Secretary Geithner said we have reached the debt limit ceiling.

I read from this missive that came out a little bit ago:

Treasury Secretary Timothy Geithner announced on Monday morning that the Federal Government had met its statutory borrowing limit of \$14.294 trillion cap.

This is the day we have been talking about for a long time. In fact, this day had been advertised as the likely date on which the United States would hit the debt limit.

Here we are with an empty floor on a Monday and people are saying, Whoa, shouldn't you guys have been in every night last week and all weekend to avert hitting this limit, because doesn't this mean we have to default on our debt? Well, as the article goes on to report:

Treasury will now begin a series of "extraordinary" measures designed to stave off a potential government default.

Treasury has been able to move some money around so that now we won't reach that magic date until August 2.

Is this good news or bad news? Well, it is maybe good from the standpoint that we may have avoided a catastrophic situation today, but it simply postpones the date of the inevitable. What I fear is that it simply gives us more time to avoid getting engaged in dealing with what is arguably one of the largest crises in American history, particularly in American financial history. So when we look at what has been transpiring over the last several years, as all of us have watched with alarm, our debt limit continues to climb at an unprecedented rate and there has been not nearly enough debate and engagement on how we should address this. I know the last several months have been filled with proposals and plans and dire predictions. The last year—

2010, an election year—certainly aroused the interests of the American people, when I think for the first time the reality became clear on what the increase in the debt and the deficits is doing to our country's financial health.

I have this chart here on the left which shows total U.S. debt and statutory debt limit from the years 1941 to 2011. In December 1941, we were engaged in World War II. We see a small little spike here in terms of the debt limit. That is understandable, because we were in a crisis situation and we had to put all of our efforts and expenditures into production to address the war needs. But as we can see, from 1941 all the way through to 1981, we moved along at a fairly low level of increase in debt and finally hit the \$1 trillion mark in 1981. So for more than 200 years in the history of this country, we ran this country without going more than \$1 trillion in debt. That is enough as it is. But I remember at the time, in 1981, people were saying, How could this be possible? How could we possibly reach this limit, \$1 trillion? We can hardly comprehend it.

The sad news is that since 1981 we have been on a steady incline of debt, which has accelerated dramatically in the last few years. Today—May 16, 2011—we have hit a total of nearly \$14.3 trillion in debt. This line continues off this chart and goes much higher as we project forward the spending, much of which is occurring because of mandatory spending put in place for programs that were locked in and it is obligatory spending on the part of the Federal Government. Of course, as we go forward, the interest rate on our debt increases and the amount we pay each year increases. So we find ourselves in a spiral, a downward spiral of debt that seems to have no end.

This is no surprise to most people because there has been focus on this all across America over the last couple years. Throughout this period of time, people have had to stretch their own dollars at home in order to make ends meet. Businesses have had to make significant changes in the way they do business in order to make ends meet. State governments have found they are deeply in debt and have had to take some dramatic measures. But it is only now that the Federal Government is starting to look seriously at what we need to do.

All throughout the year 2010, with no budget in place, Congress continued to spend. But I am not here to place blame on any one individual or any one group. I am simply here to point out the fact that we have a serious crisis at hand and it deserves serious debate and a serious solution or we are going to find our country in very difficult straits.

From this point forward, as shown on the chart, Congress has been run by Democrats and Republicans. The Presidency has been held by Democrats and Republicans. So we can go back and say: Well, who is responsible for this

and who is responsible for that and what about here and what about there? That is a wasted effort at this particular point in time. This is the situation we face, and this is the situation with which we must address.

I regret that the Senate, to date—other than activities such as Senator LEVIN was engaged in, I am engaged in; that is, coming to the floor at a time when the issue is not before us in terms of seeking a resolution but simply stating the facts and urging us to move forward—I regret that this year we have spent a total of only 4 hours and 20 minutes of actual debate on the spending. Instead, we have been tied up for weeks on not trivial but far less serious measures: confirming some judges to district and appellate court positions, dealing with the Federal Aviation Administration reauthorization bill, which took several weeks. Now we have been stuck on the small business authorization bill for several weeks, injecting here and there in some debate and some talk and discussion about the deficit but no real focus on that.

If we do not set aside the less important and begin to focus on what we need to do, we are going to quickly find ourselves into the month of July careening toward an August 2 deadline, during which time the uncertainty that exists in the investment community and in the business community and in households, in terms of spending and what the future might bring—all that continues.

What the world is waiting for, and what the world is watching and hoping and praying for, is that the Congress and the executive branch will work together to seek a solution to this problem that will bring reassurance to the investment world and bring confidence to our population that we have gotten serious and we are going to do something about this.

None of us believe this is going to be easy. None of us believe this is going to be painless. But we simply cannot postpone the debate that needs to take place, not only in this Chamber and in the House of Representatives but between the House and the Senate and the White House.

Some conversations have already started in that regard but also across the Nation. This is a debate that has to come before the American people because they are going to be the ones who are going to bear the brunt of whatever cuts and whatever solutions need to take place in order to put us on the right fiscal track.

If I have learned anything in discussions outside this Chamber with people who have studied and analyzed and looked at this issue, it is that several things must take place, and they must take place immediately. A host of people who have spent their lives understanding the dynamics of the financial system—understanding the consequences of debt as a percentage of gross national product, understanding the consequences of how a nation rises

to this level of debt, the consequences of that to its people and to its financial future and its stature in the world and its ability to do the many wonderful things the United States has been able to do, to lead the world in so many different areas—all this is in jeopardy if we do not address this issue.

What they are saying, if I could bring that into just some basic conclusions, is, No. 1, this crisis is real. All you have to do is look at this chart I have in the Chamber to understand this crisis is real. Here is where we were in World War II when we were having to go into debt, which we thought was serious at the time. But look at what has happened in just the last 30 years.

So the crisis is real. As measured by historical analysis of nations that have faced these kinds of situations before, the consequences are always dire. Therefore, No. 1—and I was glad to hear my Democratic colleague acknowledge this is the case because this is something both sides of the aisle are going to have to deal with—both sides have to recognize that, No. 1, the crisis is real and it is now.

The second conclusion, based on what the experts are saying, is that we have to act now, not later. This is not something we can postpone. For years and years and years, as this line has gone forward, as shown on this chart, Congress has said: We'll get to that. Presidents have also said: We need to address our debt, but only after the next election.

Well, there is always a next election. Now the latest thing we hear is: Well, we need to take care of that after the 2012 election. We will put it before the American people in terms of which way they want to go.

The American people spoke very loudly and clearly in 2010. If that was not a wake-up call politically, I do not know what will be. But, nevertheless, falling into the trap of simply saying that waiting until after the next election we might be in a better position to deal with it then simply postpones the inevitable and potentially brings about a crisis which will occur before the election in 2012.

It is shameless to put before the American people that the political situation is such that we are not willing to address this now and, therefore, we are putting their lives, their futures, their children's futures, and their children's children's futures in jeopardy, while we place a higher priority on the political outcome of 2012 rather than on what we were elected to do in 2010 and years before.

No. 1, the crisis is real. No. 2, we have to act now without delay. No. 3, many experts have advised that, if we do something, it needs to be a comprehensive plan that includes all aspects of Federal spending. We need to talk about the discretionary part of our budget, which we vote on every year, although in the last couple of years we have not even passed a budget. Last year, we failed to pass a single appro-

priations bill. Instead, we have had continuing resolutions and supplemental spending bills, which is not what we were elected to do and not a good way to govern. But we have to address that portion of the budget.

When addressing a long-term economic plan, we cannot exempt major sectors of our budget such as interest and defense and mandatory spending and we must include entitlements. That is No. 4, many experts say. If you do not have a comprehensive plan that includes everything, then the burden falls on a disproportionate share of discretionary spending that undermines essential programs the government ought to be engaged in.

We cannot get from here to there without including all aspects of the budget, including comprehensive tax reform. That is another thing these experts have said. Many say the comprehensive plan must include some basis on which we move forward with tax reform.

Senator WYDEN and I have cosponsored a bipartisan bill for that very effort. We are not saying it is the perfect bill. We are saying it is something in place with which we could start on and address comprehensive tax reform, to broaden the base and generate more revenue from the economic growth that comes with lowering taxes and reforming the tax code.

Entitlements are a must. That is what these people have said. You cannot get from where we are now to where we need to be unless we include Medicare, Medicaid, and Social Security reforms. We all know there are structural problems, given the massive move into retirement age of the baby boom population of this country. We all know these programs are teetering on the edge. There was a report from the trustees of Medicare last week saying they are moving up 5 years when Medicare runs out of money in order to pay for benefits that are promised under that program.

We all know there are some relatively painless solutions the earlier we start, in terms of adjusting the retirement age, in terms of adjusting some formulas, and making some of the changes that have been proposed that we are talking about. But if we do not include that entitlement spending in our discussions, we are not going to be able to reach a successful conclusion.

Another principle they have listed is that we have to make this for the long term and we have to lock it in. We have to guarantee the promises we make and the commitments we make, as we address this problem of how much to cut and how to change the Tax Code and how to work through the revenue side of this effort. They have to be locked in place and guaranteed, hopefully, with the passage of a constitutional amendment to balance the budget.

We failed twice in the 1990s in this Senate to pass a constitutional amend-

ment to send to the States for ratification. It failed by one vote on two occasions. I wonder what would have happened had we passed that. No, I do not wonder. I know what would have happened. We would have been forced to make the decision at this point, as shown on the chart, which would have brought us back to here instead of now having to go from this point on the chart all the way down—a much more painful process than had we passed that amendment then.

So what we want to avoid, when we are forced to do this—and it is going to happen; we have to do it—we need to lock that in on a path that will bring us back to fiscal parity and balanced budgets and then lock it in with a constitutional amendment. It cannot be done in 1 year. That is why the other principle is that this has to be a long-term process in getting us from where we are to where we need to go, and then we need to stay with it. We cannot just pass it for 2 years, elect a new Congress and come in and make these changes.

If we move forward, and if we can come together to find a rational solution to this, it will send—this is the last point the experts have said—it will send a tremendous signal around the world to all those investors who have always looked to the United States as the safe-haven, last-resort place to put their money. The dollar will be rescued from falling against other currencies. It will continue to be seen as the world's currency. Confidence in the United States as a safe place to put your money will be restored in nations around the world. The American people will have a tremendous psychological sense of relief and assurance that we are finally getting serious about doing something about this crisis that faces us.

Lastly, what I would like to do is send a message to President Obama, the majority leader, my Republican and Democratic colleagues, the minority leader, and others: The time is now. I believe we should suspend, as soon as we can, everything but the absolute essential and spend the next amount of time, starting now, debating and working through—whether it takes day and night and weekends—rolling up our sleeves and sitting down, holding this debate across the country, to get input from the public, but also meeting together, working to find a solution to this, which we all recognize has to be done, without letting this thing trail all the way to late July and then do something in a panic.

This crisis is going to occur. It is going to occur probably sooner than we think. The last piece of advice they gave us—I know I said it just a minute ago—but the other piece of advice they gave us was: Trust us, you do not want the financial markets to force you into doing things that will be done in a rush, that will be done in a panic, that will not be rationally applied; and instead of having a principled, rational

way of solving this problem, we will be in crisis mode, and we will be having to make decisions that will have a significant negative impact on our public and on the world.

I hope to keep talking about this issue. I hope to keep urging our leadership to suspend all but the essential of what we are now doing and that all of us commit whatever time it takes to bring about a debate and a decision as to how we are going to go forward. Put it in front of the American people. Let our yea be yea and our nay be nay. Then at least we will know where we stand and we, hopefully, can come together to find a reason to forgo letting the markets do this for us, which everyone concedes is not the way to go.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KYL. 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 DEBT LIMIT

Mr. KYL. Mr. President, I want to speak for a few minutes today about the effort that we are undergoing right now with the Vice President and our colleagues in the House of Representatives to find a way to constrain spending, reduce our deficits and debt sufficient to warrant an increase in the debt ceiling, as the President has asked us in the Congress to do.

We are told by the Secretary of the Treasury that by around the first part of August the United States will run up to the debt ceiling and, therefore, Congress needs to pass legislation to extend that authority. Essentially, this is because financial commitments the United States has already made can only be paid if we borrow money to pay those financial commitments. Therefore, the debt ceiling would need to be increased.

Members of both bodies on both sides of the aisle have acknowledged that one of the primary things we need to do at the same time we raise the debt ceiling—if that is to be accomplished—is to ensure that we don't have to keep doing that in the future; that is to say, that we don't keep piling on more debt by increasing spending in the future so that certain things will be necessary at that time: constraints on future spending; limitations on the ability of Congress and the President to pass additional appropriations for spending; for example, setting limits on our budget for the next at least couple of years so we know exactly how much Congress would be authorized to spend. Of course, those limits should take us back in time. They should not increase the amount of spending but should result in reductions.

Tackling entitlements—we know the big money is in entitlements such as

Medicaid, Medicare, Social Security, and other forms of what is called mandatory spending, spending that is committed to groups of Americans that doesn't require congressional action but money that we know we are going to have to spend in the future—enormous sums, in the trillions of dollars.

If we are not able to trim that in one way or another, or at least stop the increases in growth, we are not going to be able to afford those programs in the future and would, therefore, have to continue to raise the debt ceiling.

Another question that has arisen is whether it would be helpful in this connection to raise taxes. I have said, and the Republican side has said, we will not do that as part of this exercise in extending the debt ceiling. There may come a point in time later this year or next year where all of us would get together and engage in what some have called fundamental tax reform—or I like to call it progrowth tax reform because I think a lot of economists believe our Tax Code today is not conducive to economic growth, and were we to make it much simpler and do things such as reducing the corporate tax rate, for example, we can be much more competitive with our foreign trading partners. The President himself has made the point that we can reduce the corporate tax rate were we to eliminate what some call loopholes, and thereby reduce the amount of money we have to collect through the tax rate itself. This is a potential when we get into that kind of reform.

I want to distinguish the point of rebalancing our Tax Code to get a progrowth kind of Tax Code with the possibility of generating more revenue to deal with our debt situation. Those are two totally different situations. While I would be very much in favor of taking a look at these tax expenditures, various subsidies, for example, to different groups to see whether we could reduce some of those, thereby reduce tax rates in a revenue-neutral manner so our Tax Code would be more conducive to growth, but in a revenue-neutral manner, meaning not in order to raise revenues but in order to have a more sensible Tax Code so we can be more competitive with our trading partners, for example, that is what the President, as I understand it, proposed relative to our corporate tax rate, which is the highest in the world today. If we can get that down from 35 percent to 20 or 25 percent, we can be much more competitive with our trading partners.

One way is to reduce so-called tax expenditures. To give an example or two, we have significant tax credits and deductions that are taken for the production of things such as ethanol or for production of certain kinds of weather stripping equipment or solar energy equipment. This is an effort to promote so-called green energy. Those are pretty big subsidies. They are tax credits or deductions called tax expenditures. Were some of those to be eliminated or

reduced, then we can offset that increase in revenue with a reduction in the tax rate and still have as much revenue coming into the Treasury but have a more sensible Tax Code.

Let's contrast that with the situation on the debt ceiling question because that is the one before us right now. We are going to have to act on the debt ceiling in the next couple of months or so. The question is, How should we deal with our ballooning deficits and debt in order to warrant increasing the debt ceiling above what it is today? The answer, of course, is to reduce spending, not raise revenues or increase taxes.

I don't think anybody is suggesting increasing revenues by increasing tax rates. But some people have said we can eliminate some of these loopholes or tax expenditures, and that is a way to collect more revenue. If a company cannot take a certain credit or deduction, it is going to have to pay more in taxes.

I wish to make the point that, no if we are going to get into that kind of discussion, we should do it in the context of reforming our Tax Code so we can use those increased revenues in order to reduce the tax rates, as I said before, so that our country can be more competitive.

That is the context in which we should be discussing the reduction or elimination of some of these so-called tax expenditures.

Just in looking at this in an abstract way—and I will get more specific about numbers—our problem is spending. We have increased spending so much more than it has ever been in the past that we are getting very deep in debt.

To just give a comparison, spending is over 25 percent of GDP. That is the amount we are now spending at the Federal Government level. Our historic level is just above 20 percent of the GDP. That is an enormous increase in the amount of spending by this country. Some will point out that the revenues collected by the Treasury are also down, and that has contributed to the deficit. To some extent that is true. What are the reasons? It is primarily because of the recession that we have been in since the end of 2006—the decrease in the amount of money that individuals and businesses are making, and therefore a reduction in the revenues collected as taxes by the IRS. So revenues are down, but it is due to the recession that we have. We have not cut tax rates in the last few years—since 2006—for example.

The last time we had any kind of tax reduction was as a result of the 2001 and 2003 so-called Bush tax cuts. But we were generating a lot of revenue in this country before the recession. The recession caused us to generate less as families, as State and local governments, and as the Federal Government. But CBO figures demonstrate that under any of the budgets offered, including the Obama budget, we will be back to historic average levels of tax