

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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

collections in just the next few years—something on the order of 20 percent of our gross domestic product. Revenues are not the problem. They are going to be back where they have always been. Our problem is the spending, as I said. The spending in this country is now above 25 percent.

I misspoke a moment ago when I was talking about collections. The tax collections in this country have averaged between 18 and 19 percent of GDP. The spending has been a little above 20 percent. So the revenues are going to get back up to that 18 or 19 percent under any of the budgets that have been suggested—the Ryan budget, the Obama budget, and others.

The problem is spending. Under the Obama budget, spending never gets below 23 percent of the gross domestic product. In the Ryan budget, it goes from the 25 percent that we are at today to below 20 percent. I think that after 10 years, in the Ryan budget passed by the House of Representatives, it is about 19.1 percent of the gross domestic product. That is a way to get spending down to historic levels. Revenues will be back up to historic levels, and that is the way we have both a vibrant economy and we produce the revenues the Federal Government needs to operate without having to borrow 40 cents or 42 cents on every dollar as we have to do today.

When we are talking about how to get the budget better balanced, how to reduce our deficits, we should not be looking at the revenue side or the taxing side; we should be looking at the spending side. On spending, we know the big money is in the entitlements, not the discretionary part of the budget.

We need to, as a downpayment, be looking in the order of magnitude of about \$2 trillion. Speaker BOEHNER has said that if the administration wants to increase the debt ceiling by \$2 trillion, then we should show \$2 trillion in savings. If it is \$1 trillion, then make it \$1 trillion. So far in our negotiations, we are only talking about a couple hundred billion dollars. We have to get up to the \$1 trillion and \$2 trillion level. Over the course of the 10 years, we are going to have to at least double that to more than \$4 trillion if we are going to handle the long-term debt problem. That is how big it is.

Under the Ryan budget, the actual debt ceiling is increased by \$5 trillion over 10 years. So we are not talking about slashing everything in half. We are talking about continuing to have to borrow more money to pay our bills. But under the Obama budget, the amount we would have to borrow, in addition to what we have, is \$12 trillion. President Obama would be asking us to raise the debt ceiling by another \$12 trillion, and that is not sustainable in this country. It has to be more along the line of the Ryan budget, as I said. That means we are going to have to come up this year with at least \$4 trillion—I would say between \$4 trillion

and \$6 trillion—in savings in order to be able to bend this spending curve downward over time. That means at least a couple trillion dollars as a downpayment, at least double that over this 10-year period, and that means a lot more than what we have been talking about in our negotiations so far.

I do not doubt the good will of the parties to achieve that objective, but it cannot be achieved by looking at just domestic discretionary spending. We have to look at fundamental entitlement reform in order to achieve those kinds of savings. For those who say that may change the Medicare Program or it may change the Social Security Program, two things:

First, nobody is talking about changing any of those programs for anybody who is currently on them or even somebody who is going to be on them within a 10-year period of time. We are not talking about people who are on Social Security or people who are even 9 years away from Social Security.

Second, with respect to the benefits that are promised in these programs, understand that if we do not do something about them now, those benefits are not going to be there in 15 or 20 years. In fact, under Social Security, the law is that when it no longer has the benefits, the benefits stop. This is not a matter of either keeping in law what we have right now or nothing; this is a matter of either fixing the programs now or having a dramatic reduction in benefits on down the road. That is why we need to tackle this issue now.

One of the reasons I wanted to discuss this on the floor today is because there is some misunderstanding of comments I made on television yesterday, and I think it is easy to misunderstand people when they talk about raising revenue in the context of dealing with a budget deficit. Republicans are simply not going to raise tax rates in order to try to reduce this deficit with more revenue as opposed to savings. It is much different to talk about that than it is to say there are tax expenditures we can deal with, and if we can eliminate those or reduce them, then we can also reduce our tax rates and make our Tax Code more competitive.

That makes a perfect amount of sense. But I don't think we will be able to do that within the next 2 months. My guess is it is either going to be later this fall or early next year before we are able to achieve that kind of bipartisan revision of our Tax Code, if we can even do it then. I hope we can because I think there is a recognition by a lot of folks that there are a lot of these tax expenditures in the code that do not need to be in the code. They pick winners and losers. The more we can do away with and thereby reduce tax rates, the better off we will be. I am hopeful we will, through these bipartisan negotiations, be able to come together on significant savings.

The last point I will make is I would not be concerned, however, that the United States of America will ever default on our debt. We will not. The President has made it clear, the Secretary of the Treasury has made it clear that we can't. In fact, if we look at article IV of the 14th amendment, it says we can't. So I don't think any creditor should be of the view that we are not going to pay them when their T-bill comes due. That is not going to happen.

Nonetheless, it is not a good situation when the income of the government is less than the bills we need to pay because even though we may pay creditors, that may mean, Mr. President, your paycheck and mine might be paid 2 weeks late or something like that, and I am sure all of us would like to see our bills paid on time. But I think we can come together and even avoid that result if we are able to work together as both sides of the aisle and as both bodies in the Congress have committed themselves to do.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

EXTENSION OF MORNING BUSINESS

Mr. CARDIN. Mr. President, I ask unanimous consent that morning business be extended until 7 p.m. for debate only, with Senators permitted to speak for up to 10 minutes each.

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

OIL COMPANY TAX BREAKS

Mr. CARDIN. Mr. President, I come to the floor to talk about a conversation I had in Baltimore this afternoon dealing with the high price of gasoline. I was talking to a station owner. I mention that because the problems of the high price of gasoline have nothing to do with the station owners. These are small business owners. They are having a difficult time with the cash flow due to the higher costs to purchase their product. They are also on the front lines, getting the wrath of consumers as they get the sticker shock when they fill up their tanks.

I can tell you that consumers are hurting today every time they go to a gasoline station to fill up their gas tanks. It is affecting their household budgets. It is affecting our economy. It will become even more dire as we go into the summer months when more and more families will be deciding on their family vacations, and the cost of gasoline will very much figure into it, having a direct impact on our economy.