

there is no meeting of the minds on these matters, the potential for disputes and increasing tension between the two sides is likely. What was to serve as a vehicle for “reset” may, in fact, serve to promote increasing discord.

In fact, the first indication of this may have occurred last week, when the U.S. and its NATO partners met with Russia to find common ground on missile defense cooperation. In advance of that meeting, the Russian President threatened “either we agree to certain principles with NATO, or we fail to agree, and then in the future we are forced to adopt an entire series of unpleasant decisions concerning the deployment of an offensive nuclear missile group.” If this is the language of reset, I wonder what the tone might have been had we not agreed to New START? As it turns out, Russia appears to have rejected the NATO approach.

Mr. President, we will watch carefully to ensure the administration fulfills its 10-year commitment to nuclear modernization, starting with the fiscal year 2012 budget request, and that nuclear reductions called for under the New START treaty do not outpace the commitment to modernization.

We must make certain, too, the administration modernizes our national missile defense system to stay ahead of increasing threats; provides the necessary direction and funding to ensure full, timely deployment of missile defense assets in Europe to address the growing Iranian threat; and directs the Missile Defense Agency to develop defensive countermeasures to the anti-ship ballistic missile capability of China. Finally, we must resurrect the Reagan vision of defensive missile defense capabilities based in space, which is the only truly effective means for protecting the Nation and its deployed forces.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I ask unanimous consent to speak for up to 15 minutes.

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

#### FAILURE OF LEADERSHIP

Mr. SESSIONS. Mr. President, first, I thank my colleague, Senator KYL, who is this body’s premier student of the nuclear strategic posture of the United States. I served and have served as chairman of that subcommittee of Armed Services. I share his concern. I am thankful that he is here and is keeping up with these matters year after year. Most of us would rather not talk about them, but they represent the serious responsibilities of a great nation that must be able to defend itself, to be able to live freely and prosperously. So I thank the Senator for his remarks, and I value his friendship and enjoy following his leadership.

Last week, the Congressional Budget Office issued a report that—our Con-

gressional Budget Office’s leadership is selected by the majority in the Congress, the Democratic majority—that report showed our deficit for this year, which will end September 30, will be \$1.5 trillion. That is the largest deficit the Nation has ever had. The last 2 years have been \$1.3 trillion and \$1.4 trillion. This year’s deficit is projected to come in at \$1.5 trillion. We complained—I have—that President Bush spent more money than he should have, but his highest deficit was one-third of that, or \$460 billion. So we are at unprecedented levels of annual deficit and debt. Our gross debt, the total United States debt, internal and external, will equal, by the end of the year, 100 percent of GDP. Annual interest payments—we borrow money; people loan us their money, and we give them Treasury bills and bonds in exchange, and we pay them interest on the debt. The amount of interest we pay will rise to \$750 billion by the end of this decade. That means a 1-year interest payment will cost us nearly as much as 20 years of current highway construction spending. We spend about \$40 billion a year, for example, on Federal highway expenditures. We are talking about interest payments going from \$180 billion or so a couple of years ago to \$750 billion, and our debt will triple in that time—from \$5 trillion to over \$15 trillion.

The total amount of interest we expect to pay between now and the end of the decade is \$5.5 trillion in interest, which is enough money to fund our entire government for 18 months.

The situation is so serious that former Federal Reserve Chairman Alan Greenspan warned very recently that we may face a bond market crisis in the next 2 to 3 years. He said it is a little better than a 50-50 chance that it won’t happen, but not much better. That was his comment.

CBO Director Doug Elmendorf testified last week before the Budget Committee, where I am ranking member, that we were entering “unfamiliar territory for all developed nations over the last several decades.” He is talking about financially, debt.

Analysts for Standard and Poors stated that “absent a credible plan, the rating on the U.S. Federal Government will come under pressure”—in other words, the rating on our debt, which is AAA. If that happens, our interest rate, as I have been suggesting, will go up, because if our ratings go down, people will demand higher interest before loaning us money. The International Monetary Fund urged the United States to take much stronger action. This is on the Washington Post business page of a few days ago:

U.S. Must Reduce Deficit, IMF Warns.

They are not perfect, but they claim to be the conscience of the world and warn profligate nations to get their houses in order before it creates systemic problems for other nations. It says:

European countries have begun a pointed dialog with their residents about what gov-

ernment can and cannot afford. Moves to cut public salaries, trim services, and curb public pensions have touched off strikes and protests, but also puts the deficits of those countries on what seems to be a “securely downward path,” the IMF said. Those are the choices the United States has been hesitant to make.

Two prominent economists, Carmen Reinhart, who testified before our committee, and Dr. Kenneth Rogoff, issued a paper explaining the negative impact of excessive debt on economic growth. He actually wrote a book. They have studied countries in the last 200 years that have had their economies collapse as a result of debt—a lot of South American countries at various times, such as Argentina and others. They caution that there is a point beyond which you do not want to go. That point is when your debt equals 90 percent of your economy, 90 percent of GDP. That is a very respected study—the first time anybody ever studied the economies that have had economic collapse. This is a key factor in that. We are now at 94 percent of GDP, and by the end of the year, the CBO projects we will be at 100 percent. Our debt will equal 100 percent of the entire goods and services produced in this economy.

Our Nation is on a dangerous—as everybody we have had testify before the committee and virtually anybody who has expressed themselves calls it—unsustainable path. The President said we are on an unsustainable path. We need strong leadership from our President. The day before his State of the Union, I wrote an op-ed that was published in the Washington Post. I called on him to present a broad vision for reducing spending. I said, “his proposals cannot be timid” and that this was “a defining moment for his Presidency.”

I have to say that he did not rise to that occasion. Instead of a bold vision, he put forward a meek plan to continue spending at current levels for 5 more years, calling that a freeze. But we have had a surge in spending in the last 2 years. Freezing at that level cannot be acceptable. These are the levels that produced the \$1.5 trillion deficit.

The President’s speech, I must say, was disconnected from reality. Nowhere in that speech did he enter into a dialog with the American people about the severity of the crisis we face, or make any attempt to call on them in a serious way to understand why it is that we can’t continue at this level of spending. He failed to present a credible plan.

This is what the Washington Post said in an editorial yesterday. They weren’t mean spirited about it, but you could tell they were disappointed:

In his State of the Union Address Tuesday night, President Obama failed to present a credible plan for a long-term debt reduction. It’s no secret that we think he made a big mistake. If America can’t get a handle on its finances, everything else is at risk.

But not only has the President failed to lead with ideas, he has set about to thwart, to block others from taking action. This is concerning to me. This

Sunday, on one of the big news programs, his new Chief of Staff, Bill Daley, balked at a Republican plan to cut spending for the rest of the year. He said any budget cuts must be paired with new spending—"investments," as he and the President called them. He taunted the Republicans, I think, with, "Where's the beef? Let's see the cuts they're talking about."

The President refuses to lead and then sends his emissaries to attack any Republican who makes a serious proposal and, I assume, as being heartless and wanting to throw children in the streets, and so forth. For instance, the President's chief economic adviser, Austan Goolsbee, lashed out at Republicans for wanting to reduce discretionary spending before we raise the debt ceiling. We have to have some sort of bipartisan agreement before we agree to raise this debt ceiling that we are going to reduce some of the spending, clip back on the credit card a little bit, something significant.

The President's own Secretary of the Treasury, Tim Geithner, recently argued that it was too early to begin cutting the deficit. So it is unsustainable, but it is too early to start cutting it now—maybe in 2012, or after that, maybe. Geithner's comments ring all too similar to those of his predecessor, Hank Paulson, Secretary of the Treasury under President Bush, who said the housing downturn was under control, before the Wall Street firms began falling like dominoes.

But ignoring the reality of our situation does not change it. The money simply isn't there to support the President's spending agenda that he announced at the State of the Union Address. We don't have the money. Our Nation cannot afford another era of big government.

In 2 weeks, on February 14—just 2 weeks from now—the President will submit a new budget to Congress. He will go to our Budget Committee. This may be—and I say this seriously—his last chance to get it right, for the President to be a credible voice in this debate. He must put forward a budget that significantly lowers spending levels. He cannot present Congress with the same unserious plan he presented last Tuesday night.

Three years into his turn, I think this budget he will be submitting is a defining act of what he views and how he views the debt we face. I think if this budget fails to meet the necessary demands for curtailing spending, we will know pretty conclusively where the President is.

Numbers count. You can have rhetoric and we can disagree, but at some point you have to put out your budget that says what you are going to do, how much you are going to spend, and where you are going to get the money—in this case, how much we are going to borrow to carry on the government at that time. So we are going to see whether the President is moving with the American people to fiscal and

economic sanity or whether he will continue his ideological commitment to big government. I think that is it. I think we will know in 2 weeks. It is a serious matter.

So I think we need to turn back from the cliff toward which we are heading and get on a new road. We need to reduce both the size of the deficit, and we will have to reduce the size of the government somewhat. We are not going to sink into the ocean. If we go back to 2008, 2006 levels of Federal spending, will the country collapse? Give me a break. Certainly, it is not going to collapse, but it will put us on a road to fiscal sanity. It will restore not only public confidence in our economy, but it will restore the foundations of American prosperity.

I truly believe one of the clouds over the American economy is the perception—unfortunately, too true—that we are spending at a reckless rate, that we are irresponsibly running up the debt, and that could cause us to inflate the value of our currency, that could cause a debt crisis, which Mr. Greenspan said was almost a 50-50 chance in the next 2 to 3 years. If you have money to invest, what does that say to you? Maybe you better sit back and see a little more until we get this debt—that is spiraling out of control—under control. Until we are headed on a downward path toward a balanced budget, we are not going to see the economic growth that is possible. I think that is where we should be heading.

So strong, sustained reductions in spending will not be easy. It will take us down a tough road, but it is the only road, the only course that will lead to a better financial future for ourselves and our children and preserving the integrity of the U.S. economy in a way that is necessary for growth to occur.

I thank the Chair, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COONS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

#### EARNED-INCOME TAX CREDIT AWARENESS DAY

Mr. AKAKA. Mr. President, this past Friday marked the annual Earned-Income Tax Credit Awareness Day. I rise to recognize the success and importance of this vital tax benefit for hard-working Americans.

As our country continues its steady recovery from the worst economic conditions hard-working American men and women have faced since the Great Depression, families need financial relief and many people need jobs.

As we renew our efforts to promote job creation, increase access to credit for small businesses, and restore confidence and stability to markets, we

should not forget that we already have what one President once called "the best anti-poverty, the best pro-family, the best job-creation measure to come out of Congress." President Ronald Reagan was talking about the earned-income tax credit.

Since 1975, the EITC has helped to offset the impact of Social Security taxes for low- and moderate-income individuals. Nearly 26 million taxpayers across the country received the EITC when they filed their tax returns last year. In Hawaii alone, over 100,000 low- and middle-income workers received an average of nearly \$2,000 for this tremendous tax benefit. These vital EITC resources help families pay for essentials such as food, housing, clothing, transportation, and education expenses.

The earned-income tax credit is more important now than ever before. With many Americans still out of work, some families accustomed to budgeting based on the earnings of two people are struggling to survive on the income of one. Some people in Hawaii and across the country who are working new, lower paying jobs may be eligible for the earned-income tax credit for the first time.

To be clear, every taxpayer who receives the EITC is hard working because the earned-income tax credit is only provided to Americans who work for a living. The EITC encourages individuals to find work, support themselves and their families, and improve their quality of life.

A few years ago, only one in five taxpayers eligible for the EITC claimed their benefits. Since then, tremendous progress has been made. The number has risen to four in five, thanks in part to the tireless work of taxpayer consumer advisers and advocates in our communities.

Our goal now should be to see to it that all eligible taxpayers claim their EITC benefits this year. That would mean in Hawaii alone about 34,000 more taxpayers would receive much needed financial relief, with similar results across the country.

I plan to reintroduce the Taxpayer Abuse Prevention Act in this 112th Congress. My bill is intended to protect low- and middle-income taxpayers from falling victim to unscrupulous lenders. Historically, many EITC recipients have turned to predatory refund anticipation loans which are short-term loans typically carrying steep interest rates. Working families cannot afford to lose a significant portion of their EITC to these expensive short-term predatory loans. My bill will better protect consumers from predatory lenders that prey on the EITC benefits of low-income taxpayers, and I urge my colleagues to support it when the bill comes to the floor. In today's economy every penny counts, and the value of the earned income tax credit is magnified.

I look forward to working with my colleagues to better educate, protect,