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Senate

The Senate met at 2 p.m. and was called to order by the Honorable RICHARD BLUMENTHAL, a Senator from the State of Connecticut.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal Lord God, the center of our joy, Your word says You bless those who do not walk in the counsel of the ungodly. You also say that those who delight in Your word day and night are like fruitful trees planted by streams of water. Today, let Your word guide those who serve here on Capitol Hill. Infuse our Senators and their staffs with Your presence, power, and peace. Lord, make Your power available to them hour by hour so that they will have the physical, intellectual, emotional, and spiritual stamina to complete the duties of this day. And Lord, in the midst of the business of this day, allow them to experience Your peace that passes all understanding.

We pray in Your gracious Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable RICHARD BLUMENTHAL led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUE).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 13, 2011.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby

appoint the Honorable RICHARD BLUMENTHAL, a Senator from the State of Connecticut, to perform the duties of the Chair.

DANIEL K. INOUE,
President pro tempore.

Mr. BLUMENTHAL thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business until 6 p.m., with Senators permitted to speak therein for up to 10 minutes each.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THUNE. I also ask unanimous consent I be allowed to enter into a colloquy with my colleague from Nebraska, Senator JOHANNIS.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ETHANOL

Mr. THUNE. Mr. President, tomorrow the Senate will vote on a cloture motion that deals with an amendment that would do away with a tax provision that was enacted many years back by Congress but was extended just this

last December. In fact, there were a whole series of tax extenders that were passed by the Congress in December of last year, but this particular one, the volumetric ethanol excise tax credit, was also extended. It was extended until the end of the year 2011. December 31 of this year is when it would expire with the amendment we will be voting on tomorrow—or at least the cloture motion we will be voting on is with regard to an amendment that would eliminate that and end it now. There are a number of problems associated with that approach, one of which is this issue of economic certainty. We have lots of people across this country who have made investments. We have lots of jobs that are impacted by this industry. In fact, if you look, there are 204 plants, ethanol plants, in America today, spread across 29 States and on the order of about half a million jobs—all of which, I might add, are American jobs—you have half a million American jobs impacted by this industry. The ironic thing, too, is coming on the heels of an announcement last week that Venezuela, Libya, and Iran will block OPEC from producing more oil to relieve gasoline prices, we continue to be held more and more hostage every single day by our addiction to foreign oil.

We send \$1 billion a day outside the United States to purchase foreign oil—\$1 billion every single day to purchase foreign oil. The ethanol industry, which now represents about 10 percent of the fuel mix in this country, displaces 445 million barrels of oil every single year. That is the equivalent of \$34 billion that we don't send overseas—445 million barrels of oil displaced every single year, \$34 billion that we don't have to spend purchasing foreign oil. So this is an issue that has a direct bearing on the issue of energy independence, the issue of continuing what I think is a very dangerous dependence on foreign sources of energy, foreign oil, and has a direct bearing as

• This “buller” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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well on the price consumers pay at the pump. Clearly, if you took 10 percent of the fuel mix out of production or out of that mix, you would put an additional pressure on the price that currently is being paid by consumers.

In fact, there was a study done by Iowa State University that said, in 2010, if you took away the contribution ethanol makes to the fuel mix in the country today, you would see gasoline prices increase by 89 cents per gallon. When you are already facing \$4 gasoline prices in this country, which I think is having a profound impact on our economy and particularly on consumers who, day in and day out, are having to deal with these high prices, it seems ironic that we would be looking at legislation and policy that would further drive up the cost of gasoline. We ought to look at ways we can reduce it, and this clearly would have the opposite effect.

A few weeks ago there was a proposal to put additional taxes on oil and gas or at least to change some gas policy with regard to oil and gas which many of us argued would add to the cost of gasoline in this country. It would essentially, in effect, be raising taxes on gasoline.

This proposal would have the same effect. It would increase the cost of energy and obviously impact many of the jobs to which I just alluded. It would also break faith with the commitment made by this Congress last December when we extended the VEETC, the volumetric ethanol excise credit, for another year. We have a lot of folks who made investments, you have people across the country whose livelihoods and jobs depend upon this, and I think it makes sense, when we put policy in place and we say it is going to be in place for a certain period of time, that that be honored.

Having said that, I have been working closely with my colleague from Nebraska and others of our colleagues on both sides of the aisle, Republicans and Democrats, on a proposal that would reform the VEETC and move us in a direction that puts us on a pathway or a trajectory into the future that will take greater advantage of this contribution that is being made by biofuels to our country's energy independence and also phase out the VEETC tax credit but that does it in a way that does not impact and disrupt in a way that this would, where you say you are going to end this today. As I said, you have lots of people who made investment decisions based on current policy. You would change that policy immediately and abruptly, but that is not the right way or correct way to go about this. There is a better way. That is what my colleague from Nebraska and I have been working on. I hope my colleagues in the Senate will vote tomorrow against this attempt to end this abruptly and to disrupt this market and do tremendous harm to an industry that is contributing, in a significant way, to America's move to-

ward energy independence and is helping to keep gas prices lower than they would otherwise be were it not for the 10-percent contribution ethanol makes year in and year out to our energy.

So there are lots of reasons why we think it is a bad idea to move forward with the amendment that will be offered tomorrow and the cloture motion that would get on that amendment. I hope my colleagues will defeat that cloture motion so we can work on a more responsible, reasonable way that phases out the VEETC and, in a responsible way, that would allow those who have made investments to be able to plan accordingly.

I would simply say, as we get into that debate tomorrow, this is an issue which has ramifications for our economy because of the price of fuel and the impact ethanol has on the price of fuel in this country. It has an impact on the old issue of energy independence and whether we are going to continue to be held hostage and over a barrel by oil we have to import from other places around the world. Of course, it has implications as well for just the jobs that are created here at home, American jobs that could very well be lost if we move down a path that, in my view, would be very harmful for this industry and its ability to create jobs.

I have my colleague from Nebraska here as well this afternoon and I would welcome his thoughts on this subject and would like to enter into a dialog with him about the impact this industry has on his State of Nebraska—and not just the impact it has on Nebraska or South Dakota but the impact it has on this country by creating jobs, by lessening the dependence we have on foreign sources of energy, and by keeping gas prices at a more reasonable level than we would otherwise see if it were not for the contribution ethanol makes to our fuel mix.

I am going to yield to the Senator from Nebraska for his observations about this subject.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. JOHANNIS. I wish to start out thanking my colleague from South Dakota. He has been a very reasoned voice on this issue, and he has brought forward some ideas that I believe are the right approach to dealing with ethanol. If you think about it, about 50 percent of our oil is now imported from another part of the world. The more dramatic piece of that is that oftentimes the importation of that oil comes from parts of the world that do not share our philosophy, do not share our view of the world, are not democracies, and do everything they can to, in effect, fight against what we believe in. So not only are we dependent on foreign oil, we are dependent on a source of foreign oil that oftentimes is contrary to the values and beliefs of American citizens.

One of these days, I think we are going to learn the lesson of that dependency, and we are going to alter our

course. We are going to do a whole host of things that make sense: more drilling, more exploration, more nuclear power plants, as Senator LAMAR ALEXANDER has advocated for, and just everything on the list. It is all a piece of the puzzle.

A piece of that puzzle is also renewable fuels. It could be biodiesel, it could be ethanol, it could be cellulosic ethanol, which I championed when I was Secretary of Agriculture. Again, I think it is going to be a whole host of things.

Ten or twenty years ago, if I were on the Senate floor making those statements, many would have looked at me and said: Well, MIKE, that is just a pipedream. But as the Senator from South Dakota points out, 10 percent of our fuel in the United States is now ethanol—10 percent. It did displace 445 million barrels of oil last year. There is nothing else going on out there that has had that kind of impact. We can report that \$34 billion was kept in the U.S. economy. We often hear about this massive transfer of wealth that is occurring by us sending our hard-earned dollars to other parts of the world—again, parts of the world that do not share our values. In this case, with this product, we kept \$34 billion here. At least one study indicates the average family saved \$800 a year because of this. Our gas prices are about 89 cents lower per gallon than they otherwise would have been. Those are real savings to people who are out there trying to figure out how to pay for filling the tank.

Many years ago, when I was Governor of Nebraska, we took a long, hard look at our State. We wanted to know how we might best diversify our economy. Some of the things we did worked. I am very pleased to report our unemployment rate during this time never got over 5 percent. Today it is about 4.2 percent. I am also pleased to tell you we balanced the budget. We did not borrow money to do it. One of the things we did was we said: Look, ethanol is a piece of this puzzle in Nebraska, and so we actually created State programs to try to encourage the construction of ethanol plants.

I will tell you, at the time I was Governor, I thought maybe two plants would be built. Well, the marketplace responded and we built a number of plants. Today, Nebraska is the second largest producer of ethanol. We have 24 plants in the State. Those 24 plants produce 2 billion gallons per year, \$4 billion of capital investment. It directly employs 1,300 Nebraskans in high-quality jobs. It also does some great things for our livestock sector because our cattle industry—well, they buy the distiller grains. They have real value if you are feeding cattle, which we do a lot in our State.

We have recognized in Nebraska, and I think across the country, that it is time to move to the next step when it comes to ethanol production. That is why I was pleased to sign on to Senator

GRASSLEY's bill when he introduced it. I was also pleased to work with Senator THUNE who has provided such excellent leadership in this area. Basically, what this plan does is it says: Let us take a thoughtful, measured approach. Let's not jeopardize someone's situation and cause them to pay higher fuel prices at the pump because we did something in a rash and hasty sort of way. It also helps to pay off some of the deficit. We are literally saying: OK, if we are going to make some changes, we will make a contribution to deficit reduction.

Well, let me wrap up my comments and say: Senator THUNE's approach is the right approach. It is an approach that says: Look, we are not going to take this industry, which has become such an important part of our energy strategy, and walk it off the cliff and just see how it lands. Instead, what we are going to do is, we are going to take a measured approach. We are going to build the infrastructure necessary. We are going to add some money to reduce the deficit, and we are not going to jeopardize somebody's price at the pump. It is already expensive enough. I am very pleased to support that approach. My hope is that our colleagues will listen to this approach, get behind it, and support it because it is the right approach. It is the right approach for Nebraska, but it is the right approach for the country.

With that, I thank the Senator from South Dakota for his help.

I yield the floor to him.

Mr. THUNE. Mr. President, if I might just say to the Senator from Nebraska, because I am wondering if perhaps in his discussions with farmers and ranchers in his State—I am sure the issue which he alluded to, which I think is an important one, comes out—I wonder if other people around the country realize, when we make a gallon of ethanol, we take a bushel of corn—which is a remarkable thing that we have gotten to, where the technology enables us to do that—we produce 2.7 gallons of ethanol from a bushel of corn. We have almost 3 gallons of ethanol from a bushel of corn which goes into our fuel supply and represents about 10 percent of all the fuel we use. I wonder if a lot of people realize that one of the byproducts of that, as the Senator from Nebraska has mentioned, is something called dried distillers grain. The DDGs, as we refer to it, is something that is then used to feed livestock.

Now, a lot of people think there is this whole corn debate about food versus fuel, but I don't think most Americans realize that only about 12 percent of our corn crop in this country actually ends up in foods. It is either consumed directly, such as corn chips, or indirectly, such as high fructose corn syrup. But one-third of the grain that goes into ethanol production comes out as dried distillers grain, these DDGs, and for each bushel of corn used in the ethanol-making process—as I said, the 2.7 gallons of eth-

anol—18 pounds of DDGs and 18 pounds of carbon dioxide.

If we took, let's just say, for example, 5 billion bushels of corn used for ethanol production in a year, the feed product equivalent of about 1.7 billion bushels of corn is returned to the livestock food chain as an ethanol byproduct. So we take about one-third of all of the grain that is put into the process to make ethanol, and that comes back in the form of something we feed to livestock and something that has been a great source of protein for livestock producers in this country. I don't think most Americans even realize we are not just talking about the fuel component; we are not just talking about that liquid we use to blend with petroleum products and get ethanol in this country; but there is also this other byproduct which is essential for livestock producers to feed their livestock.

I am wondering if, in the conversations the Senator from Nebraska, I assume, has with his farmers and ranchers—of course, they are very familiar with this—the average person around this country understands this.

Mr. JOHANNES. Mr. President, that is an excellent point. When I was Secretary of Agriculture, this whole debate started about food versus fuel. It was almost like there was this impression that you took that bushel of corn, you somehow burned it up to create ethanol, and that is all you got out of it. Then there was this big debate about whether that was worth it. As the Senator from South Dakota points out, a whole different process is occurring.

So in our State, it is not just the dried distiller grains because to dry them down takes some energy. We have the cattle yards in close proximity to the ethanol plants. So they buy the wet mash, which is what we call it. They ship it over, they feed it immediately, and it is a wonderful product to feed to cattle.

When we think about the approach the Senator from South Dakota has come up with, we realize it hits on all cylinders. It does reform the ethanol tax credit. Again, I believe the industry has come to the conclusion that is a thoughtful, reasonable step.

No. 2, it invests in the blender pumps. One of the challenges I had for a long time was with the flex-fuel vehicle. I am in the State that is the second largest producer of ethanol. Yet I could not get the E-85 unless we really went out and searched for it. What if we had a pump where I could literally pull up to it and dial it up to E-85 and put that in my vehicle? So it invests in the blender pumps.

It extends cellulosic tax credits for the small producers. Here is what I would say: The next generation is not going to be just corn-based ethanol. That will be a part of the picture, but I believe we will see the day—and we are already seeing the day—where we will have a cellulosic product converted into ethanol.

Then, finally, \$1 billion is added to deficit reduction. The ethanol industry is saying: Look, we agree we need to do our share. We agree we need to start on this process of phasing this out.

So I think the Senator from South Dakota has hit all the right points. It does not take this industry and drop it off the cliff. It is a thoughtful, measured approach to dealing with this issue.

Again, I thank the Senator from South Dakota for his leadership, and I yield to him.

Mr. THUNE. Mr. President, in closing, I wish to, first of all, thank the Senator from Nebraska for joining us. He has a great wealth of experience, not only having grown up on a family farm in his early years but representing his State as a mayor, as a Governor, and then representing our Nation as the Secretary of Agriculture. I recall working with him when he was the Secretary of Agriculture on a lot of these issues.

One of the things that strikes me about where we are today relative to where we were then is the prosperity that has returned to the agricultural sector in our economy, to rural America. We can't say the biofuels industry has been solely responsible for that, but certainly a contributing factor. We have seen growth in the economy in the Midwest.

Again, what I would point out about this, which is so important for people to realize is that these are American jobs. This is our home-grown industry. We are either going to get fuel in the United States or we are going to buy it from some foreign country. That is what we have been doing, and that is what we continue to do to the tune of \$1 billion every single day. So to the degree we can promote domestic energy production in this country and add to the supply in this country, which is what biofuels does, it is for the American consumer and, obviously, good for America's economy and America's dangerous dependence we currently have on foreign energy.

So the proposal the Senator from Nebraska is a cosponsor of and that he and I have worked together on and that we will file as a bill today will present an alternative to the approach that will be advanced, or that they will attempt to advance tomorrow, which is to just right now, in a very disruptive way, abruptly end something that we just voted on in December to put in place. We have people who have made investments in it, and it has made a tremendous impact on jobs in this country.

The approach the Senator from Nebraska and I are advocating I believe is a reasoned approach. It is forward looking in the sense that it promotes the next generation of biofuels, advanced biofuels, and cellulosic ethanol. In the same way the Senator from Nebraska mentioned, it gets us to where we have more choices for American consumers when they come into a filling station by investing in some of the

pumps out there and giving consumers more choices.

Then, finally, as the Senator from Nebraska said, it also puts money toward the debt, toward deficit reduction, and phases out the tax credit that is available today to ethanol producers in this country. It is a reasonable, responsible and, as the Senator said, measured way of dealing with this, not the way that is being proposed by the vote we are going to have tomorrow.

So I hope our colleagues will join us in working in a constructive way to continue to grow this industry and do it in a way that creates jobs for Americans and lessens our dependence on foreign nations.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

ECONOMIC DEVELOPMENT REVITALIZATION ACT OF 2011

Mr. KYL. Mr. President, I am going to talk about the basic underlying bill we are debating, not the amendment my colleagues have just been talking about. As a way of framing the discussion about this bill, I will cite some statistics that I think will help us understand the nature of the problem our country faces right now and why, in my opinion, this particular legislation does not solve that problem.

According to official statistics, the unemployment rate in the U.S. has risen from 6.8 percent when President Obama was elected in November of 2008 to 9.1 percent in May of 2011. Between the end of 2008 and the year 2010, America experienced a net job loss in the nonfarm sector of almost 7 million jobs. So just since the end of 2008 through 2010, 7 million jobs lost. In that same time, the unemployment rate peaked at 10.1 percent—that was in October of 2009. It averaged 9.3 percent during 2009, 9.6 percent during 2010, and the 5-month average for 2011 so far is 9.1 percent, where we are right now.

We are not making progress. In short, since President Obama's stimulus was enacted, unemployment has averaged more than 9 percent a year, and that is up from 6.8 percent when he took office. This is not progress.

The May unemployment figures show that the U.S. economy added only 54,000 jobs—far fewer than the 150,000 needed just to keep pace with population growth, let alone to help dig us out of the recession. So we only had about one-third of the jobs created that we need just to stay even. We are getting deeper in the hole. In fact, the number of unemployed totals now almost 14 million Americans, and the long-term unemployed increased to 6.2 million.

Real growth in our economy, the GDP growth from the end of the recession in mid-2009 has been only about half as strong as it was during each of the previous nine recessions since World War II. So unlike previous times,

we are not recovering as fast as we recovered from those earlier recessions.

On the TV program "Meet the Press" this weekend, the host, David Gregory, asked the chair of the Democratic National Committee, Representative DEBBIE WASSERMAN-SCHULTZ:

Why should Americans trust Democratic governance right now on the economy, and particularly the president's?

Amazingly, the head of the Democratic National Committee answered:

Because we were able to, under President Obama's leadership, turn this economy around.

Well, the economy has not turned around. The unemployment statistics I just cited demonstrate that it is getting worse.

Most observers recognize that the steps the President took to try to revive the economy have not worked. I think it is time we admit that our massive debt and deficit, which were exacerbated by the 2009 stimulus spending bill, have hurt our economy. It has made things worse.

Republicans are not recommending reductions in government spending just for the sake of austerity. We are pushing for the government to get its fiscal house in order so that the job creators in the private sector will have the confidence to begin hiring and expanding their operations. Right now, uncertain of their future tax liability, worried about the general fiscal path of this country and the increasing regulatory burdens imposed upon them, job creators are sitting on the sidelines. We need to cut government spending to keep our tax burden low, approve pending free-trade agreements, and make a serious effort to reduce red tape so our economy can begin growing again. In other words, we need to realize that the government does not create private sector jobs. What we can do in Washington is to create the environment where the private sector is free to grow and create jobs.

This bill we are talking about right now, the Economic Development Revitalization Act of 2011, is touted by some of its proponents as being a job creator. The bill is not a jobs bill. Calling it that doesn't make it so. The bill has 21 sections. The truth is, many of these provisions would have zero effect on facilitating the creation of American jobs. For example, section 16 moves the State of Montana from the Denver office to the Seattle office. That doesn't create any jobs. Most of the provisions of the bill don't have anything to do with creating jobs. There are only four that even mildly could be called related to job creation.

The central component is a reauthorization of the bill's amount of spending, and it would reauthorize it at \$500 million a year—\$½ billion a year. Remember that almost half of that has to be borrowed. We don't have the money to spend \$½ billion a year, so we will have to go out and borrow the money from someone in order to be able to spend it.

Given the fiscal constraints facing our Nation today, we can't afford that. Ironically, even the White House is not shy about admitting the fact that this EDA bill is too expensive. Specifically, the President's budget for 2012 requested only \$324.9 million for EDA, not \$500 million. Additionally, the administration's Statement of Administration Policy declared:

The bill would authorize spending levels higher than those requested by the President's budget, and the administration believes that the need for smart investments that help America win the future must be balanced with the need to control spending and reduce the deficit.

Well, this is one thing on which I agree with the administration. This bill would spend too much money. Hopefully, we will get a chance to vote on amendments, including one by the ranking Republican on the committee, Mr. INHOFE, to reduce this level to a more reasonable and realistic one.

The rest of the bill includes provisions, as I noted, that are of little importance. Section 11, for example, creates a \$5 million-per-year grant program related to renewable energy and brownfields sites. Section 12 relates to energy and water efficiency and decreasing foreign oil competition. These are part of a green jobs fad and are not really going to provide significant job creation for our country. If we really want to decrease the consumption of foreign oil, of course, and create U.S. jobs, we should develop more of our own resources. I mentioned another meaningless provision—just moving one State from the jurisdiction of the Denver office to the Seattle office.

Again, these are things that are not going to produce jobs in our country. So it seems to me, rather than spending time on bills such as this EDA bill, which will not actually create jobs, we should actually be focusing on the big cliff we are heading for and begin preparing for the debt ceiling debate. This is where we can insist on a very large down payment of reduced spending, reform entitlements, and put a strait-jacket on future congressional budgets—all of which will give businesses and markets greater certainty about our fiscal future. As a start, we should have a thorough debate and a vote on a constitutional balanced budget amendment, which would get us on the right path to a sound fiscal future.

In the long run, the only way for our economy to create jobs is for the government to spend, borrow, and tax less, thus freeing America's enterprises to do what they do best. I suggest we not wait any longer. It is time to begin this debate. Let's have a vote on a constitutional amendment, find ways to reduce spending, ensure we do not increase taxes, and create the climate in which America's businesses can get back to work and put their fellow Americans back to work.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.