

Spending more money, taxing more, having the government try to stimulate the economy has never worked. I want to put into the RECORD a quotation from the Wall Street Journal of today, June 27, which is as follows:

With spending at 24 percent and debt held by the public at 70 percent of GDP—both modern records—the U.S. needs drastic spending cuts to head off a downward future spiral of tax increases and unaffordable interest payments. As Milton Friedman taught, spending is the real measure of government's burden on the private economy, and reducing it leaves more resources for private actors to spend and invest.

I ask unanimous consent to have this printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. KYL. Mr. President, the point they are trying to make is, government spending is a pretty good indicator of what is left over for the private sector to invest and spend, for example, on new jobs. When the government spends more, inevitably, it has to borrow more—40 cents on every \$1—or increase taxes—either way, reducing what is available for the private sector to invest and hire.

We should be focused, as a result, as the editorial notes, on reducing wasteful Washington spending and allowing the genius of the American people to do what Senator RUBIO has made very clear: We have always had the capability of creating jobs, unfettered by too much government taxation and regulation. So we need to do away with those policies, such as the Federal policy that reduced the value of the dollar, we need to try to eliminate as many regulations that burden the American people as possible, and we need to avoid raising taxes.

Bear in mind, we are not talking about cutting taxes. We are not talking about cutting taxes for the wealthy or cutting taxes for business or cutting taxes for people, generally. Leave them alone, don't raise them, is all we are saying. When you hear some politicians say you want to cut taxes for the wealthy or give oil companies big tax breaks—no, leave it alone. Don't touch it. Let businesses and families and small businesses do what they have always done best. If you want to mess up the economic growth, to use the colloquialism, follow what the administration has been doing. We will have higher unemployment, higher gas prices, higher Federal debt, higher debt per person, and higher health insurance premiums, not to mention other pernicious effects. Those policies have made it worse, not better.

That is why Republicans have said don't force us to raise taxes as part of this increase in the debt ceiling. Let's reduce spending, and let's enforce that through a balanced budget amendment and other kinds of spending constraints. We are not talking about drastic cuts, as I said. Think about this again.

The Ryan budget that passed in the House, and that most of us on the Republican side voted for over here, adds \$5 trillion to the debt over the next 10 years. That is \$500 billion a year. That is higher than any other budget deficit in history, until President Obama came into office. We talked about the Bush budget deficits. It is a lot higher than any deficit under President Bush—\$500 billion a year for 10 years. That is another \$5 trillion. You can't say that is drastically cutting spending. The alternative, though, is the Obama budget, which would add \$12 trillion. At least the Ryan budget gets us on a path where we can get back into balance and back to the standard or the normal historical average of spending, as a percent of our GDP, around 20 percent.

If you don't like that budget, then produce one that you think will get us to the same place. We have laid that challenge down. Our Democratic colleagues have not produced a budget. It is pretty obvious they are not going to do so. That is why we have had to have these discussions with the Vice President. At least, perhaps as a conclusion to those discussions that the President is now involved in, we can make a big downpayment on spending reductions, set the budget levels for the next several years that represent a real reduction. It doesn't have to be huge. Even a \$30 billion reduction over last year will save a huge amount of money in the outyears. We need to ensure that those reductions will be enforced, that we will not return to our wayward spending ways, and we need to deal with the two-thirds of the budget that represents the big money; namely, entitlements.

There are ways to do so that don't represent big benefit cuts and that don't represent slashing payments to providers, although we would not have any more doctors to take care of them. We can effectuate reforms that will send the right signal to our constituents and also to the markets, which will have a lot to say about interest rates in the future and whether they believe in the recovery we would like to achieve.

I hope my colleagues will be very open to the consideration of a balanced budget amendment when we bring that up. I wish the President and the leaders of the House and Senate all the best in their discussions now on how to deal with this problem. The President will have to make a decision: Is raising taxes more important than trying to get our budget back into balance and reduce spending? He will find there is support on both sides for the latter. There would not be much support for the former. By getting together and achieving those goals within the next 4 weeks or so, we can both meet the deadline of August 7 that he has set for a debt ceiling increase and also get our country on a more sound fiscal path. We can do that to give confidence to the markets and to the American people. We owe our constituents, our chil-

dren, and our grandchildren nothing less.

EXHIBIT 1

[From the Wall Street Journal, June 27, 2011]
SPENDING HIS WAY TO AUSTERITY—PRESIDENT OBAMA'S LATEST ECONOMICS LESSON

President Obama enters the debt-ceiling talks today when he meets with members of both parties, and in his Saturday weekly radio address he unveiled a new line of argument against significant spending cuts: "We can't simply cut our way to prosperity."

That's a nifty rhetorical riff, a play off the old Ronald Reagan line that we can't tax our way to prosperity. The argument is that if we cut too much spending on too many good things—like education, "clean energy" and "advanced manufacturing," to name three examples highlighted by the President—the economy will suffer.

Too bad it won't fly. It's a truism that budget cuts alone will not guarantee faster economic growth, but at the current moment they will get us closer to it. With spending at 24% and debt held by the public at 70% of GDP—both modern records—the U.S. needs drastic spending cuts to head off a downward future spiral of tax increases and unaffordable interest payments. As Milton Friedman taught, spending is the real measure of government's burden on the private economy, and reducing it leaves more resources for private actors to spend and invest.

It is also true that some government spending can be economically useful—to the extent that it enhances productivity more than it would have in the private economy. But the irony is that it is precisely the spending priorities that Mr. Obama mentions that will be crowded out because of his refusal to cooperate in reforming entitlements like Medicare and Social Security. By trying to protect all federal spending except defense, liberals are guaranteeing that many of their most cherished plans will be squeezed. They're the ones who are spending us into austerity.

Mr. KYL. I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

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

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

THE NATIONAL DEBT

Mr. LEE. Mr. President, I stand to talk about a looming crisis in this country, a problem that has the potential to affect every American from every State, from every political party, of every political ideology. That issue relates to our national debt.

We have accumulated nearly \$15 trillion in debt through the Federal Government, which is a lot of money split up amongst 300 million Americans. It works out to close to \$50,000 a head. A lot of people don't make that much money in a year, and yet that is what every man, woman, and child owes on a per capita basis the moment they are born. If it is calculated out on the basis of debt per taxpayer, the number is much larger, anywhere between \$120,000

and \$150,000 per head, depending on how you calculate it.

We are now approaching the August 2 deadline given to us by Secretary Geithner that has been identified as the time by which we must increase our national debt yet again, a debt that has been raised time and time again, resulting in our accumulation of about \$10 trillion of new debt in roughly the last decade. This is a problem, and it is a problem that is only going to become more severe the longer we kick this can down the road without doing anything to change the way Washington brings money in and the way Washington spends money.

I want to talk for a minute first about how Washington brings money in. There are those who have suggested in this town very recently that what we need right now is a tax increase in order to address the debt crisis. I could not disagree more, and I need to state with the greatest emphasis I am able to place on this issue that a tax increase is something I would oppose, something I would devote every ounce of energy in me to opposing. The reason is we have in Washington something that is not a revenue problem. What we have is a spending problem. Spending is the crisis that we need to address.

But on a more fundamental level we have to remember what we do when we raise taxes. When we raise taxes, we chill investment. It is investment that we rely on for the creation of jobs. We have to remember that government doesn't have the power to create jobs, because it can't create wealth. It can create policies. It can adopt laws and regulations designed to promote or deter certain kinds of behavior. It can raise revenue through taxation. But it can't create wealth. All it can do is set in place certain circumstances that might allow wealth to be created or, in other circumstances, might deter new wealth from being created.

To have true wealth creation leading to true job creation, you have to have a circumstance in which willing investors with capital are ready to invest, have the reasonable assurance and promise that if they invest their money and thereby place it at risk, any gains resulting from that risky behavior will be gains that inure to their benefit, not taken away by some third party and not taken away by the government. So when we raise taxes, in effect what we are doing is deterring investment, deterring investment at a time when we are hemorrhaging jobs, and we can ill afford to lose any more. Not one job should be lost as a result of something the government does. We need to find ways to get the government out of the way so job creation can occur. But it can't occur whenever we punish the investor, whenever we tell the investor: Invest at your own risk, because if you dare to make a profit, we are going to take away more of that money than we have previously been taking away in taxes.

For that reason, I continue to emphasize the fact that I will oppose any attempt to address this debt limit crisis by raising taxes, and I will continue to oppose any effort to raise taxes. Spending is the problem.

As to the question of how Washington spends money, if the definition of insanity is the practice of doing something again and again expecting to achieve different results than we have achieved every time in the past, then we would be insane if we approach this debt limit discussion with the same kinds of tired, malfunctioning, unproductive strategies that have been employed in the past, strategies that focus exclusively on immediate cuts or even long-term cuts. Let me explain what I mean.

As we approach the debt limit discussion, there will be those who will want to focus a lot of the attention on long-term spending cuts. In other words, they might say, If we are going to raise the debt limit by \$1 trillion, then we need to find \$1 trillion in cuts that can be made. If we are going to raise it by \$2 trillion, then we need to find \$2 trillion to cut.

But of course we can't cut \$1 trillion out of our budget immediately. That is not possible. We can't do that in 1 year. That would have to be stretched over a period of many years. Most likely, in this scenario, as it has been discussed, it would be stretched over a period of a decade or more.

We do have the power to control what we do in this Congress, but we can't bind the Congress that will take power in January of 2013, January of 2015, or 2017. Every 2 years, we get a new Congress in place and that Congress has the power to make those decisions that will best fit what they decide is in order at that time. We can't bind them permanently. So any promise that we make right now to cut, let's say, \$2 trillion relies on the promise that that will be honored by future Congresses. We can't bind them to do that.

There is one way, however, we can bind them. That is by amending for the 28th time that 224-year-old document that has fostered the development of the greatest civilization the world has ever known. When we amend the U.S. Constitution, that is the one credible way, the one binding way in which one group of Americans can bind a future group of Americans. That is why I have said that the only circumstance in which I think it is appropriate for us to raise the debt limit is a circumstance in which Congress has first passed a balanced budget amendment out of Congress by the requisite two-thirds margin in this body and in the House of Representatives, and submitted it to the States for ratification. In that scenario, and only in that scenario, can we proceed with any degree of confidence that the commitments we make now to the American people, to make not just immediate cuts but long-term changes to the way we spend

money, it is only in that scenario that those promises can be and will be honored, because it is only in that scenario that we can bind a future Congress.

That is why I have pledged to vote against, and to oppose in any way I can, any debt limit increase that involves something short of prior passage of a balanced budget amendment, in addition to any caps, in addition to any immediate cuts that may be raised.

We have got to have cuts. We have got to have some kind of spending cap, where we cap spending as a percentage of gross domestic product every year, and we have got to have a constitutional amendment requiring that and requiring the revenues and outlays match each other from year to year. If we don't have this, then we are at great risk for the practice of perpetual deficit spending in which Congress year in and year out spends more than it takes in. Congress can sustain this for a period of time. But where, as is now the case, the amount of money Congress spends is in excess of \$1.5 trillion a year more than it brings in, we have reached a certain point of unsustainability at which, if we continue with this practice, a halt in borrowing will be much more immediate, much more Draconian than anything that could be within our control. At some point, those who would be willing to loan us that money, who would be willing to buy U.S. Treasury instruments of one form or another to finance our debt, will eventually start demanding a higher and higher yield. That means that instead of spending about \$250 billion a year on interest on our national debt, as we are currently paying, the time could very soon come in which we might have to pay something closer to \$700 billion just to pay the interest on our national debt. In fact, if we were now required to pay interest rates on our Treasury instruments consistent with the 40-year average, we would be about there.

Mr. President, \$700 billion is a lot of money. Seven hundred billion dollars in a year is roughly what we spend on Social Security. It is roughly what we spend on Medicare and Medicaid combined in a year. It is roughly what we spend in national defense in an entire year. If we have to spend that amount of money every year, as we could easily have to spend within just few years' time if we continue spending at this rate, that is going to crowd out funding for every Federal program out there.

Whether you are most concerned, as many conservatives might be, about protecting national defense or whether you are most concerned, as many liberals are, about protecting our entitlement programs, you ought to insist, as I have been insisting, that we will not raise the debt limit until such time as the Congress has passed a balanced budget amendment to the U.S. Constitution. That is why I am pleased to support the "cut, cap, and balance" pledge and why I will continue to take this position in addition to standing

firm on my position that we ought not even consider any tax increase at a time when we can least afford it.

I yield the floor and suggest the absence of quorum.

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

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. COONS). Without objection, it is so ordered.

Mr. SANDERS. Mr. President, I ask that I be allowed to speak as in morning business.

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

THE BUDGET

Mr. SANDERS. Mr. President, this is a pivotal moment in the history of our country. In the coming days and weeks, decisions will be made about our national budget that will impact the lives of virtually every American in this country for decades to come. The time is now for the American people to become significantly involved in that debate and not leave it to a small number of people here in Washington.

At a time when the wealthiest people and the largest corporations in our country are doing phenomenally well and in many cases have never had it so good, while the middle class is disappearing and poverty is increasing, it is absolutely imperative that any deficit-reduction package that passes this Congress not include the horrendous cuts, the cruel cuts in programs that working people desperately need that are utilized every day by the elderly, by the sick, by our children, and by the lowest income people in our country, that the Republicans in Congress, dominated by their extreme rightwing, are demanding.

America is not about giving tax breaks to billionaires and attacking the most vulnerable people in our country. We must not allow that to happen.

In my view, the President of the United States needs to stand with the vast majority of the American people and say no to the Republican leadership and make it clear that enough is enough. No, we will not balance the budget on the backs of the most vulnerable people in this country—on our children, on our seniors and the sick. No, we will not do that. Working families in this country have already sacrificed enough in terms of lost jobs, lost wages, lost homes, lost pensions. The working families of this country are hurting right now. Enough is enough.

Now is the time to say to the millionaires and the billionaires in this country and to the largest corporations that in many ways have never had it so good that they must participate in deficit reduction, that there must be

shared sacrifice, that deficit reduction cannot be based on cutting back on the needs of working families and the middle class but that the rich and large corporations have also got to participate in this process.

Furthermore, it is absolutely necessary, if we are talking about a sensible deficit-reduction package, that we take a hard look at unnecessary and wasteful spending at the Pentagon.

Let's make it very clear that we will not be blackmailed again by the Republican leadership in Washington that is threatening to destroy the full faith and credit of the U.S. Government so that, for the very first time in our Nation's history, we might not pay the bills we owe. That is their threat. We will destroy the record of always paying our bills, never failing to do that, unless they get everything they want.

Instead of yielding to the incessant, extreme Republican demands, as the President in many respects did in last December's tax cut agreement and this year's spending negotiations, the President has to get out of the beltway. He has to connect with the needs of working families and ordinary Americans and rally the overwhelming majority of our people who believe that deficit reduction must be based on shared sacrifice, that the wealthy and the powerful and the large corporations cannot continue to get everything they want while we wage a cruel and unprecedented attack on the most vulnerable people in this country. It is time for President Obama to stand with the millions who have already lost their jobs, their homes, their life savings, instead of the millionaires, who in many cases have never had it so good.

Unless the American people in huge numbers tell the President not to yield 1 inch to Republican demands to destroy Medicare and Medicaid while continuing to provide tax breaks to the wealthy and the powerful, unless the American people rise up and say enough is enough, I am afraid that what will happen is the President will yield once again and the wealthy and the powerful will laugh all the way to the bank, while working people will be devastated.

Today, I am asking the American people that if you believe deficit reduction should be about shared sacrifice; if you believe the wealthiest people in our country and the largest corporations should be asked to pay their fair share as part of deficit reduction; if you believe that, at a time when military spending has almost tripled since 1997, we must begin to take a hard look at our defense budget; and if you believe the middle-class and working families have already sacrificed enough, I urge you to make sure the President hears your voice, and he needs to hear it now. I urge the American people to go to my Web site, sanders.senate.gov, and sign a letter to the President letting him know that enough is enough. I also urge the American people to contact the White

House directly through their Web sites and leave a message for the President there.

As you know, this country faces enormous challenges. In fact, we have not suffered through such a difficult moment since the Great Depression of the 1930s. We do not talk about it very much, but the reality is that the middle class in this country is disappearing while at the same time poverty is increasing.

When we talk about the state of our economy, it is important to talk about it within the context of deficit reduction because when you understand what is going on in the economy, you know you cannot get blood out of a stone. You cannot keep attacking people who have been devastated in the last few years in terms of unemployment, in terms of losses of pension, in terms of losses of health care.

When we talk about the economy, we have to understand that the situation is in many cases even worse than official statistics indicate. For example, we read in the papers that the official unemployment rate is now 9.1 percent. But the truth is—and no economist disagrees with this—that official statistic ignores the number of people who have given up looking for work and people who are working part time when they want to work full time. If you add all of that together, you are looking at a real unemployment rate in this country of about 16 percent. Are those really the people whom we should go to for deficit reduction? Are they not suffering enough right now? Young people graduating college who can't find a job, let's hit them hard. Older people who have lost their jobs and can't find a new one or are working for half the wages they previously worked at, let's go after those people. Fifty million people have no health insurance. Let's attack them. Working mothers and fathers cannot find affordable childcare. Let's go after them.

We must understand that when we look at the economy, the middle class is hurting and hurting badly. Over the last 10 years, on top of the high unemployment rates, the median family income in this country has declined by over \$2,500. Do you know why working families are angry? That is why they are angry. They are working longer hours for lower wages. Are those really the people you want to ask to balance the budget? I don't think so. I think any sense of fairness, any sense of morality that one might have suggests you do not beat up on people who are already suffering. You don't try to get blood out of a stone.

As a result of the greed and the recklessness and the illegal behavior on Wall Street which caused this terrible recession, millions more Americans have lost their homes, they have lost their pensions, and they have lost their retirement savings. We hear it every day in calls that come to our offices. Unless we reverse our current economic costs, our children will have, for