

bring us within the realm of a manageable deficit.

Secondly, it has to be fair. I notice that my Republican friends ask our children to give up some of their help for a college education. They want to cut the Head Start Program, and they want seniors to pay more for health care. How about the well off? Should they not be part of the plan? I think we need to have a fair plan in order to accomplish our goal.

Third, we need to allow our Nation to move forward with economic growth. Jobs are critically important to deal with the deficit. As we create more jobs, we help our economy grow, it brings our budget into balance.

I am for a credible plan. To me, a credible plan needs to get the job done. Managing our deficit needs to be fair, including all elements of government spending, and it includes tax expenditures. It has to allow for economic growth. If we are going to get the job done, we have to bring down spending—we all acknowledge that—on the domestic side and the national security side. We can do better in bringing our troops home from Afghanistan and save military dollars.

There are things we can do, and we need to do that. But we also have to deal with the revenue side. Quite frankly, we can't get the job done without dealing with the tax loopholes and shelters that we have in the Tax Code. I am concerned that the Republican leader said we could not consider any revenue. Well, I have heard from a lot of my Republican colleagues who disagree with that. We need to include revenues in a credible plan or it can't get done. We cannot manage the deficit without closing those loopholes and eliminating those shelters.

Yesterday, I talked about one of those—the ethanol subsidy. We have nearly \$3 billion that we can save there. The ethanol subsidies are not needed. The market is there. More damaging, it is hurting our economy. I have the honor of representing the people of Maryland and the Delmarva Peninsula. The poultry industry is suffering because of the ethanol subsidies. It is costing more to produce poultry, making the industry less competitive. We can save and create jobs by eliminating the ethanol subsidy, which will help us in balancing the budget.

Today, I want to talk about another tax shelter and loophole that we can deal with, and that is the section 199 manufacturing tax break used by the oil and gas industry. It is very interesting. We have seen gasoline prices rise, and we have seen the negative impact of that on our economy. But guess who is benefitting from the increase in the gasoline prices? You are right; it is the oil and gas industry. Their profits are up, while our economy has been suffering.

In the first 3 months of this year, the gas and oil industry, the five largest companies, had record profits of \$35.8 billion. Big Oil benefits from a variety

of subsidies, including section 199, that amount to some \$4 billion annually. So we are subsidizing the Big Five, who are on course to make a projected \$140 billion profit in 2011, with \$4 billion in taxpayer contributions. It is not needed. These funds could be used to help reduce our deficit instead.

The worst part is that section 199 came about as a result of our Foreign Sales Act. What was that about? We wanted to put American manufacturers and producers on a level playing field for international competition. We tried to do that with a direct subsidy to help exporters, but the World Trade Organization held that to be illegal. So then we came back with this general manufacturers' credit, section 199, to try to help our exporters.

The gas and oil industry are not manufacturers exporting a product. They should never have qualified for this taxpayer-funded subsidy. I asked that question in the Senate Finance Committee when we had the Big Five oil companies' chief executive officers (CEOs) before us. Not one of the CEOs could justify the fairness of this subsidy going to the oil and gas industry. Their only answer was: Well, everyone else is getting it.

We need to reduce unnecessary government spending, whether it is on the appropriations side or the tax expenditure side. With regard to the oil and gas industry, repealing section 199 and the rest of the \$4 billion or so in subsidies these companies receive each year could help us balance the budget.

But the minority leader says we can't even consider that. He says we can't consider any of the revenues. To me, it is not a fair proposal, not a credible proposal, unless we tell the most wealthy and those companies that don't need the subsidies that they are going to be part of the plan to bring our budget into balance.

There are many more provisions in the Tax Code we can look at where we can get the savings. I have just mentioned two. If we are going to have a credible plan that will allow for economic growth and allow us to create jobs—and the best way to deal with the deficit is to create more jobs—then we have to have a fair approach. So I urge my colleagues to get together on this.

Look, I understand it is not going to be the budget the Democrats want, but I will tell you this: it will not be the budget the House Republicans want either. We have to work together, Democrats and Republicans. I think we can find common ground. Earlier this year, I think 62 Senators signed a letter saying, let's use the framework of the debt commission. So I think there was that willingness. Let's get back to that.

Let's get the Democrats and Republicans working together in true compromise. We don't have to compromise our principles. We can get the job done, and that job means let's get our debt into a manageable state, let's do it in a way that is fair, so the well off also are part of a solution that includes rev-

enues, and let's do it in a way that allows America to do what President Obama said we can do—out-educate, out-innovate, and out-build our competitors so we can create the jobs that won't just help us balance our budget but will keep America prosperous, too.

That is our charge. That is what we need to do. Let's get on with the work.

With that, I yield floor.

The PRESIDING OFFICER (Mr. BLUMENTHAL). The Senator from Texas.

Mrs. HUTCHISON. Mr. President, before I start my remarks, I would like to say that in about an hour we will start voting on the nomination of General Petraeus to lead the CIA, and I am going to enthusiastically support that nomination because I do think General Petraeus has shown the kind of military leadership that makes our country proud. He has come in at some of the hardest times in both Iraq and Afghanistan. I have met with him in Iraq to see exactly what he was doing, how he was implementing his counterinsurgency proposals, and I think he is a gifted leader.

I also believe in this war we are in—the war against terrorists—the CIA and the military have such a necessary link, and in many ways they are co-dependent on the information and the capabilities that each uniquely has. So I think he will do the same great job he has done in public service in this kind of arena that has become much more closely linked to the military, for sure. So I will support his nomination.

DEBT CEILING

Mr. President, today, so many people have been talking about this debt ceiling issue, which should be what we are talking about because we have perhaps only as long as 1 month—we are not exactly clear—when we will reach that over \$14 trillion debt ceiling. This is the most serious issue facing Congress and the President today, and we shouldn't be doing anything else except talking about how we are going to bridge this gap that would allow us to go forward with significant reforms.

I will not vote to raise the debt ceiling unless there are not significant reforms that assure we will not have to do it again; that we will begin to bring down the deficit that is causing this huge debt to accumulate. So I am looking for the leaders who are meeting in the different meetings—some I am privy to—to essentially come to an agreement so we can send that message.

People have talked about the message that would be sent to the world if the debt ceiling isn't lifted. I am concerned about the message that would be sent if we lift the debt ceiling without reforms. I wish to send the message to the global marketplace that we are going to deal with our financial situation, and we are going to deal with it responsibly; that we are going to cut the spending that has caused this debt to accumulate to such alarming levels. The message I wish to send to the world is, we are going to take this

problem and we are going to solve it together; that we are not going to just do another pro forma lifting of the debt ceiling as if it were business as usual. Because business as usual it is not. We don't have a tax problem in this country, we have a spending problem, and we must attack it if we are going to have credibility.

That brings me to a bill I have introduced because I think it is important, as we are looking at this looming deadline, to have a plan B. If, in fact, we are not going to be able to come to an agreement—both Houses of Congress and the President—that would cut the spending levels sufficiently enough that many of us would be comfortable with in order to pass a bill raising the debt limit ceiling—if we don't meet that test—we should have a responsible plan B. This would be a plan that would say: If, in fact, we can't agree on what it will take to lift that debt ceiling, this is how we are going to treat the money that will be coming in. Because at that point our government will be limited in its expenditures by the revenue that is coming in.

We can allocate that revenue, and that is where I think we must have a plan B. We must make sure certain things are done. The No. 1 thing we all know that is going to be paid is the interest on the debt. That is our No. 1 responsibility because that will keep us from going into default, which none of us wants to do. The second thing is to pay our military—the people who are deployed overseas, in Iraq, Afghanistan, and the places that are supportive of those efforts. We must assure we are paying those people on time so their families, who are thousands of miles away in other parts of our country, will know they can pay their rent and are not going to go into extremist positions.

MILITARY PAY

I wish to talk about a bill I have introduced that has 80 cosponsors.

Mr. President, I ask unanimous consent to add Senator HELLER of Nevada to be a cosponsor of S. 724.

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

Mrs. HUTCHISON. I thank the Chair. S. 724 is the Ensuring Pay for Our Military Act of 2011. There are 80 cosponsors of this legislation. It is very simple and straightforward. It ensures that in the event of a government shutdown, our Nation's men and women in uniform would continue to receive their military pay and allowances. That is what it does. This legislation will protect all Active-Duty men and women, including those in the Coast Guard and Reserve components.

I introduced this bill earlier this year because we were in the process of having a meltdown with our appropriations. We need to have a law that assures if there is a shutdown, whether it is on an appropriations issue or on a budget issue or on a debt ceiling issue, we know where the money will go—where the protections will be. I think

our military should be front and center. I also think Social Security recipients should be front and center, but this bill is for the military because they are in harm's way as we speak in many places around the globe and we don't want to disrupt their families or have them worry for 1 minute about their families while they are doing their duty.

These military families have faced stress from repeated deployments since 9/11. The last thing they should worry about is not receiving their paycheck on time because Congress and the President have not been able to do the job they need to do.

Immediately after introducing this bill, I was contacted by a military spouse. Her husband was on his 10th deployment in support of operations in the Middle East. The spouse was at home raising their 1-year-old son. She was very concerned about whether she was going to be able to pay her bills. Multiply that story by many thousands and one can imagine the stress of these families across our Nation who have loved ones in harm's way. This should not be compounded by adding an unnecessary financial stress that is the fault of a Congress unable to pass an appropriations bill or a Congress and President unable to reach an agreement to cut our deficit so the debt ceiling will not have to be raised again.

At a time when our Nation has 100,000 troops in Afghanistan and 45,000 in Iraq, it would be unconscionable to ask our troops to serve on the front lines without ontime pay. From my home State of Texas, there are more than 28,000 soldiers, sailors, airmen, and marines currently deployed. This is second only to California in the highest number of deployed troops from one State.

I would like to especially recognize the soldiers from the 36th Infantry Division of the Texas National Guard. They are currently serving in the southern region of Iraq and are doing a great job. These brave Texans are working long hours in the extreme heat, facing a dangerous enemy. But the most remarkable aspect of their service is they all raised their hands to volunteer to do it. The very least we can do is pay them on time. It would be tremendously damaging for morale to tell our troops to go on long deployments, maybe multiple deployments, away from their families, and then not pay them at the normal time.

I know if there is one thing this Congress can agree on, it is our tremendous pride and support for the brave men and women in uniform. I think Congress has shown that time and time again. We all learned a lesson after what happened during the Vietnam war and after the Vietnam war, when the disagreement about the policies of the war were actually imputed to those who were following orders to implement that war. We will never let that happen again. It hasn't happened since, and it will not happen. There is not one

Member of Congress who doesn't respect our military and the service they are giving—even if they disagree with the policies, which many often do. So I wasn't surprised when I introduced this bill to get 80 cosponsors immediately.

It is becoming clear that negotiations on a long-term deficit reduction plan may go down to the wire. The President said yesterday he will insist on tax increases to pay for a continued Federal spending spree. Republicans are clear: We must lower government spending to affordable levels, and there must be fundamental changes in how Washington spends the American taxpayer dollars. Now is the time for Congress to vote to assure that our troops will not miss a paycheck due to gridlock in Washington, not at midnight on August 2 or whenever we are adjourning, hopefully, for a recess so Members can get home and work in their districts.

If the Senate cancels its July 4 holiday recess—which is now on the books—it is time for us to spend that time on nothing else but this issue—long-term deficit reduction. We should start our work by making sure we have a plan B that our troops and their families will not be political pawns in the struggle between raising taxes and cutting spending. If we are here, it should be for one purpose and one purpose only; that is, debt reduction and the preparation for what happens if that deadline passes and there is not an agreement.

I can't think of a better way to say we are preparing for the worst while we are hoping for the best, and that is that we make sure certain essentials are done.

Obviously, interest on the debt is our first obligation. The second one is to pay our military personnel who are overseas, who are deployed, and to make sure they are not worrying about their families at home having the money to pay the mortgage and the bills that must be paid on top.

So I hope the Senate will take up this bill, and I am going to ask that we consider the Ensuring Pay for Our Military Act of 2011 is on the agenda if we are in session next week. That seems to be what is in the works right now. If that is the case, let's do something productive. I can't think of something more productive and more reassuring to our military than to pass S. 724, with 80 cosponsors. If it comes to the floor, it is going to pass. It will go to the House, and I assure you it will pass.

So let's start that process. If we are going to be here next week and a lot of plans are going to be disrupted, we are willing to do that. But let's make it worthwhile by passing significant legislation, such as ensuring that our military is paid on time if for any reason we are looking at a government shutdown.

Mr. President, I yield the floor.

THANKING SENATOR HUTCHISON

The PRESIDING OFFICER. The Senator from Florida.