

perhaps a good example of that because now they are facing, on 2-year debt, 24-percent interest rates.

As we all know, Treasury interest rates, Federal borrowing, Treasury notes, bonds, bills—those sorts of things are sort of what drive interest rates in other areas of our economy. So if you are one of those homeowners in South Dakota and you are looking at perhaps refinancing your home or buying a new home or being a first-time home buyer, if you are looking at an auto loan, if you are looking at a loan for your child's education, you could very well, if we do not get things turned around here, be looking at much higher interest rates. That would put an even bigger crimp on the budgets of most families across this country.

It was interesting because last week there was an op-ed in the Wall Street Journal in which Larry Lindsey, who was a former Federal Reserve Board Governor and also served in the Bush administration as an economic adviser, pointed out that if you had interest rates return to their 20-year average—in other words, if you went back to a more normalized type interest rate environment—it would actually increase the borrowing costs of the Federal Government over the next 10 years by \$4.9 trillion. So think about how much money, how much we are spending every single year now to pay for our borrowing, and compound that by increased interest rates. It would make the fiscal situation we are facing much worse and even more dramatic than it already is.

So the point I am making is that we have to get the spending and the debt issue addressed here in Congress. Why? Well, because we are saddling future generations with an enormous burden of debt. We are putting the country on a path to a debt crisis, which would be a huge mistake for this country for so many reasons, but probably most fundamentally is because it has a profound impact on the economy.

I think most Americans are concerned right now about jobs and the economy. That is the No. 1 issue in front of most Americans. And it strikes me that if you look at what we can do to get people in this country back to work, obviously creating conditions for economic growth means keeping taxes low, balancing the Federal budget, having an energy policy that promotes American production, improving market access through moving some of these free-trade agreements, and clamping down on the overreaching regulations we are seeing coming out of a lot of the agencies in Washington, DC.

There are a whole series of things that can and should be done if we are serious about getting people back to work. But it means we can't be raising taxes on the job creators. There is a big debate right now about how do we get ourselves out of this fiscal mess. I submit to my colleagues that the real

issue here is spending. If you go back to the foundation of our country, in the year 1800, we were only spending 2 percent of our economic output on the Federal Government. This year, we will spend 24 to 25 percent. The historical average over the past 40 years is about 20.6 percent. We are now dramatically higher in terms of what we spend on the Federal Government as a percentage of our entire economy.

To me, clearly, we have a spending issue, not a revenue issue. That suggests we ought to get after Federal spending—particularly spending that is duplicative, redundant. There is so much in the Federal Government we spend money on that is wasteful, and we need to cut that type of wasteful spending out of Washington, DC.

We have to also focus on long-term programs, such as Social Security, Medicare, Medicaid, entitlement programs that drive much of Federal spending—around 60 percent of the money that is spent by the Federal Government. So far there is no appetite among our Democratic colleagues to do that. We have now gone 798 days without a Federal budget. The only votes we have had on the budget in the Senate were on the Ryan plan and the Obama budget. The President's budget—the Obama budget—that was voted on in the Senate, prescribed more taxes and spending and more debt. It failed by a vote of 97 to 0. Again, the budget presented by the President failed 97 to 0 in the Senate.

We don't have a budget in the Budget Committee that has been shown to us yet. This week, we are voting on a non-binding sense-of-the-Senate resolution that doesn't even say how we should contribute to deficit reduction. Is it going to put higher tax on people? Are people going to have fewer deductions? Are people going to be ineligible for farm income payment programs? Should they have to contribute more to Medicare or receive less Social Security benefits than those who are less fortunate? We don't know. We don't have a budget presented to the Senate for consideration. All we have in front of us this week is a sense-of-the-Senate resolution, which is very vague and could be interpreted lots of different ways.

The White House meeting is tomorrow, with leaders of both parties. I hope it will lead to substantive cuts and an agreement about how we are going to reduce spending and get this debt and year-over-year deficits under control. It should not lead to more taxes. The reason is that higher taxes only hurt job creation and make our economic situation much worse.

We were reminded of the need to do this this week when Moody's downgraded the status of the Portuguese debt to junk. This is despite the fact that their government is pushing through an austerity plan that cuts spending and hikes taxes. We have seen that in lots of European countries that are dealing with sovereign debt crises.

That is our future if we don't get this issue under control. It has been 798 days since this Senate has passed a budget. That is where it starts—determining how we are going to set priorities, and how we are going to spend taxpayer dollars, and rein in runaway Federal spending and make a dent in this \$14 trillion debt that we are saddling on future generations.

I hope we can get a budget before the Senate. This sham of a resolution this week—the sense-of-the-Senate resolution—is certainly not the way to do that. I hope we can get to a meaningful discussion of what we are going to do about spending and debt and jobs in this country.

I yield the floor.

#### RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:33 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARDIN).

#### SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. Under the previous order, the time until 6 p.m. will be equally divided and controlled between the two leaders or their designees, with Senators permitted to speak therein for up to 10 minutes each.

The Senator from California.

Mrs. BOXER. Mr. President, I want to make note of the fact that this is the first time since the Watergate scandal the Senate has canceled its Fourth of July recess, and the reason is so that we can continue working on this issue of reducing our deficit and our debt, and—from my point of view, and I know I speak for many—doing it in a way that doesn't savage our senior citizens, our children, our families, our environment, and our economic growth, but doing it in a way that is fair, doing it in a way that is fair so that we don't wind up with people such as Warren Buffett or Donald Trump paying less of an effective tax rate than their secretaries or a nurse or a firefighter. That is why we are here. That is why I am here.

I want to apologize to my constituents in California. I had to cancel several events that were scheduled, but we will do those things certainly at another time. It is critical to end the current standoff, and that, it seems to me, means sticking to three principles: First, we must agree great nations do not default on their debt. Both sides need to compromise so that doesn't happen. Nobody gets everything they want in a compromise. I speak as a Senator, a former House Member, a former county supervisor, a mother, a grandmother, and a daughter. The fact is you don't get everything you want if

you truly are negotiating and compromising. You don't take your marbles and go home, and you don't take your little teddy bear and leave. You stick with it and understand that in true compromise everyone gives just a little bit.

Now, let's look at the government as it is today—as the people wanted it. The people decided they wanted a Democratic President, and we have one in President Obama. They decided they wanted a Republican House of Representatives, and they have that. They decided they wanted a Democratic Senate, and they have that. So we have the three arms, and two-thirds of them are controlled by Democrats and one by Republicans.

If I then said, because of this, I want two-thirds of what Democrats want, I might have a leg to stand on. But I am not even saying that. I am saying let's meet each other halfway. That is fair. That is very fair. And I think most Americans of independent mind would think so.

This is not a parliamentary system. In the parliamentary systems we see around the world, the ruling party gets everything they want and the others get to talk and maybe somehow work themselves into the equation. So first and foremost, we need to compromise.

Second, we need to take a lesson from history and follow what worked the last time we balanced the budget in the mid-1990s—the early to mid-1990s. Believe me, we did it. With President Clinton, we did it. We passed a budget that some of my friends on the Republican side said would be a disaster; that it would never balance. It did. As a matter of fact, it produced surpluses. We passed a budget without one Republican vote, and it laid out the plan that some of my Republican friends said would put us into a depression. We went into the longest period of sustained economic growth and 23 to 24 million jobs were created.

So we know how to do this because, guess what. We did it before. We had a plan that cut unnecessary spending, and it asked the upper income people—the very wealthiest among us—to pay a fair share, and it created all those jobs and we had surpluses.

Our friends on the other side say: Don't talk to us about that. We don't want to talk about it. But we have to talk about it because otherwise we are going to do what the Republicans did to the seniors in their House budget, which is to end Medicare as we know it and to put the burden of all this on their backs and on the backs of the middle class.

So, first, we need to compromise; second, we need to do what works—cut the things you don't need, invest in the things that will create the jobs, and ask the wealthy to pay their fair share.

Third, we have to put our country ahead of politics. Let me read from a couple of very interesting recent editorial comments. Actually, they were yesterday. This is from USA Today.

GOP rigidity on taxes threatens debt deal.

Let me repeat that:

GOP rigidity on taxes threatens debt deal. . . . if the GOP walkout is anything more than a negotiating tactic, it is breathtakingly irresponsible, considering the risks of default. . . . the Nation has used trillions of dollars in borrowed money to finance two wars, Medicare's prescription drug program and President George W. Bush's broad tax cuts—all initiated with the GOP controlling both the White House and the Congress. Now Republicans have belatedly decided that borrowing is bad, too, but they dogmatically resist even the most sensible and painless tax hikes.

This says it all. This, again, is from USA Today.

Then there is a David Brooks article—a leading Republican columnist—which says:

If the debt ceiling talks fail, independent voters will see that Democrats were willing to compromise but Republicans were not. If responsible Republicans don't take control, independents will conclude that Republican fanaticism caused this default. They will conclude that Republicans are not fit to govern. And they will be right.

Again, this is written by a leading Republican—well, actually, I would call him a leading intellect in the Republican Party.

So we see that people on the outside are noticing what is happening. You cannot take your marbles and go home when the full faith and credit of the United States of America is at stake.

A lot of people think raising the debt ceiling is so we can do more spending in the future. No, no. Raising the debt ceiling is to take care of the debts that were incurred in the past—two wars, unpaid for; a huge tax cut to the millionaires and billionaires, unpaid for; a prescription drug benefit, unpaid for. While my Republican friends said, no; Medicare could not negotiate for lower prescription drug prices. So the cost of it is just going through the roof.

So if we don't put revenues on the table, if we don't talk about closing those tax loopholes that benefit millionaires and billionaires, all the cuts go to the middle class. All we have to do is look at the Ryan budget that passed the House to understand what is going to happen if we don't do this.

Now, the Republicans had this budget, and they gave it a name over in the House: "The Path to Prosperity: Restoring America's Promise." Well, I took some liberty and wrote my own title. I think their budget is "The Path to Poverty: Breaking America's Promise" because that is what that budget does.

The Republican budget would end Medicare as we know it. A 65-year-old who becomes eligible for Medicare would pay more than \$12,000 in health care costs the first year the plan goes into effect—twice as much as what they pay under current law. Imagine a senior citizen—a grandma or great-grandma—who maybe lives off Social Security, who is paying \$6,000 for health care, is suddenly paying \$12,000. We might as well tell her to forget it.

She is going to have to get down on her knees and pray she doesn't get sick.

But that wasn't enough to pay for the tax cuts for their rich friends, so their budget cuts Medicaid by 49 percent by 2030. By the way, a lot of that is paying for nursing homes for the poorest of the poor.

The Republican budget would cut education grant awards by one-half, so that 1.4 million students would lose access to financial aid. That is what this country has been about—giving hope to our young people, and hope means an education. So Pell grants, cut in half.

They say over and over: Washington doesn't have a tax problem, we have a spending problem. Well, let's take a look at that. If we look at nondefense discretionary over the years, what we find when we add in inflation is that it hasn't grown at all, while the military spending has gone up 74 percent. So, clearly, we have a roadmap just in terms of fairness that shows we can get to where we have to get.

Let's not keep cutting what we have already cut. Let's cut the waste, let's cut the fraud, let's cut the abuse, and let's cut these tax expenditures.

Mr. President, I ask unanimous consent for an additional 5 minutes, and then I will yield to my friend.

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

Mrs. BOXER. I thank the Chair.

So defense spending, they may look at it, but they are not happy about it even though it has gone up 74 percent over the last 10 years.

Now, again, we should look at Warren Buffett. Warren Buffett made the point that he paid only a 17.7 percent tax on his \$46 million in earnings while his receptionist paid 30 percent on her wages. Imagine, in 2008, the 400 richest income-tax filers paid an effective rate of about 18 percent.

Take ExxonMobil: They paid an effective rate of 18 percent on \$7 billion, whereas the average family making a combined \$100,000 had a higher effective rate. Let's give tax breaks to the middle class, not to the wealthiest who have everything and more and whose children's children's children's children will be fine. This is America. This isn't prerevolutionary France, where the King had everything. If there was a family supported by two teachers, and they made \$106,000, they had a higher tax rate than ExxonMobil. But, still, if we look around the country at Republican legislators and governors, they are going after the teachers—who are so wealthy—while the people who are making the millions and the billions they give more and more to. I don't understand it. It is trickle down, I guess. Somehow somebody will spend something at the very top, and it will trickle down. That is all fine, but they have enough to trickle down already, so we don't have to add to it.

A family supported by a truckdriver and a dental hygienist who made a combined income of \$107,000 had a higher tax rate than ExxonMobil.

The tax break for corporate jets is \$3 billion over 10 years. Subsidies to the biggest five oil companies are costing us \$21 billion over 10 years.

So what I am saying is, we don't have to balance the budget on the backs of the senior citizens who need their Medicare or on the students who need their Pell grants. We don't need to do that.

I am the chairman of the Environment and Public Works Committee. The House budget, which I say breaks America's promise, is so bad on transportation, it cuts 36 percent across the board. Thousands and thousands of construction workers, whether they are in Utah or California or Maryland—or you name your town, your city—will be cut. This is an area where there has been so much unemployment because of the housing crisis that we could fill 20 Super Bowl stadiums with unemployed construction workers—2 million. That is how many there are.

So look at what President Clinton did. He increased taxes on the wealthiest and created tax incentives for small businesses. He invested in education, retirement savings, research and development, and the Republicans fought us tooth and nail. As a matter of fact, Senator GRASSLEY said at the time:

I really do not think it takes a rocket scientist to know this will cost jobs.

That is what he said created 24 million jobs—23 million on the low side—and surpluses of \$236 billion.

Let me conclude by saying this is a tough time in our history. We are at the precipice for the first time in my lifetime of hearing threats of defaulting on the full faith and credit of America. When we lift the debt ceiling, we do it in order to pay for the debts that were incurred. Sadly for us, after having a surplus under Bill Clinton, the policies of George W. Bush caused us to go into deep holes and deficit and debt. We were on the way to a great place, but never forget when George W. Bush came out and said these surpluses we are running belong to the American people. What he meant was the rich people because that is who got the lion's share of that. So we can keep the tax rates low for the middle class, we can make sure the wealthy pay their fair share, we can come to the table and negotiate with an open heart and an open mind and knowing well that we will not get everything each of us wants.

I will close by reading a quote from Ronald Reagan. President Reagan wrote the following:

The full consequences of a default—or even the serious prospect of default—are impossible to predict and awesome to contemplate. Denigration of the full faith and credit of the United States would have substantial effects on the domestic financial markets and on the value of the dollar in exchange markets. The Nation can ill afford to allow such a result.

President Reagan was right. It is time to stop playing politics with this, the greatest country that gave us everything we have ever hoped for.

I say to Americans, call the Senate. Ask for a fair budget plan, with the parties meeting each other halfway.

I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I ask unanimous consent that I be permitted to speak.

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

Mr. HATCH. Mr. President, it is nice to hear asking for a fair budget plan. We haven't had a budget from this administration now in almost 800 days. They have control of the Senate. Yet we haven't seen a budget from this administration.

I get a little tired of the Obama approach toward shared sacrifice. Shared sacrifice is something. It sounds good. But I would prefer the Republican approach to shared prosperity, and that is what I think we are all about.

When we talk about what shared sacrifice is, think about this. It is pretty irrefutable that the bottom 51 percent of all wage earners of all households do not pay income taxes. The top 1 percent of the so-called wealthy pay 38 percent of all income taxes; the top 10 percent are paying 70 percent of all income tax; the top 50 percent pay somewhere near 90 percent of all income taxes; 51 percent don't pay anything.

But Democrats say, well, they pay payroll taxes. Everybody does that because that is Social Security, and they pay about one-third of what they are going to take out over the years in Social Security. On ObamaCare, a family of four earning over \$80,000 a year gets subsidies. Think about that. And that is what we call the poor? We wonder why the money doesn't go far enough? When are we going to wake up and realize that the other side just spends and spends and spends. They want to tax and tax and tax so they can spend some more. My gosh. When are we going to wake up in this country and realize they are spending us into oblivion?

I hear how they are so caring for the poor and so forth. The poor need jobs, and they also need to share some of the responsibility. We don't want the very poor people who are in poverty to pay income taxes—but 51 percent of all households? That is going up, by the way, because of our friend down in the White House and his allies.

I wish I didn't like him so much. I would like to be able to let go here. I like him personally, and I want him to be successful, but he is not going to be successful by just taxing the daylights out of everybody around here.

This Congress is currently engaged in as consequential a political debate as this Nation has seen in decades. Whether and what we raise the Nation's debt ceiling is a question that has consumed the markets in the Nation.

I serve the people of Utah and I hear about this issue every day and the sustainability of a government that has grown far beyond any reasonable or

constitutional limit and the cost of paying for all this government is foremost on the minds of tax-paying citizens who will be left holding the bag, even when President Obama is back in Hyde Park and Members of Congress no longer serve. The decision to spend less is only for a moment, but the debt incurred to pay for these government programs lasts forever. Fifty-one percent of all households don't pay income taxes.

The Democrats say: Well, they pay payroll taxes. Yes, they do—everybody does because that is Social Security—and 23 million of them get refundable tax credits that are more than they pay in payroll taxes.

I wish I could report to my constituents that Washington is serious about addressing this spending problem. Unfortunately, in the last week, we seem to have hit a new low. President Obama's contribution last week was a press conference temper tantrum, where he offered policy proposals that might appeal to his leftwing base but will do nothing to avoid our coming national bankruptcy.

Not to be outdone, Democratic leadership in the Senate has offered a non-binding resolution designed solely to score some cheap political points that will jazz up the activist left through demagogic class warfare against individuals with high incomes. He is going to raise \$3 billion over 10 years by taxing jet planes. It would take 1,000 years to reach what we have as a deficit for this year just from that one tax to jack up enough money to pay for just the deficit this year.

Facing a full-blown debt crisis, this is how the Senate Democrats, following the President's lead, have chosen to spend this week, debating a nonbinding resolution. Episodes such as this leave me convinced the only real solution to our Nation's spending problem is a balanced budget constitutional amendment. Only a specific constitutional restraint will force Congress to make the tough decisions necessary to restrain the size of government, restore the integrity of the States, and protect the liberties of the American citizens and taxpayers.

To demonstrate my commitment to restoring constitutional limits on the Federal Government, I have signed the cut, cap, and balance pledge. Along with a growing number of my colleagues in the Senate, Members of the House, grassroots groups, and Presidential candidates, I have committed myself to cutting spending, capping spending, and passing a balanced budget constitutional amendment as a condition for any debt limit increase.

As this debate over how best to address our growing debt and annual deficits continues, I wish to address a technical but critical matter in these negotiations. I am talking about tax expenditures. I am ranking member on the Senate Finance Committee and I know a little bit about these. Over the next few days I am going to discuss

this matter of tax expenditures and debt. Today, I am going to talk in general about what a tax expenditure is and what a tax expenditure is not. I will next turn to the tax policy areas implicated by current tax expenditures.

For instance, home ownership is favored in our tax base with a tax expenditure. There is a deduction for home mortgage interest, a deduction for real property taxes, and an exclusion for income from home sales. These are tax expenditures.

The Tax Code also encourages charitable contributions. Charitable deductions are available to citizens when they give to a nonprofit crisis pregnancy center, when they put money in the basket at church or when they give to their alma mater, just to mention a few charitable donations.

In a third speech, I will attempt to shed some light on a widespread misconception about tax expenditures. That misconception is that tax expenditures disproportionately benefit high income taxpayers. But let's not get ahead of ourselves.

My remarks are remarks about what a tax expenditure is. Unfortunately, my remarks are also largely about Democrats' plans to increase taxes. President Obama and his liberal allies are calling for a balanced approach on a revenue piece to deficit reduction. They want shared sacrifice. I want shared prosperity.

We hear this from the press all the time. New revenues need to be a part of any deal to reduce the deficit. These are simply code words for a tax hike. I guarantee this. If we raise taxes, my friends on the other side will spend every dime of it. That is how they have kept themselves in power. Yet claiming they are helping the poor. Are 51 percent of our households so poor they can't participate in saving this country?

It is clear the professional left is insisting that President Obama include tax increases in any negotiated agreement to raise the debt ceiling. Threading this tax hike needle through an electorate resistant to giving the government more money to spend is no easy task. Although his campaign team talks a big game about the popularity of tax increases, the President's own words suggest otherwise.

Last week, in a shameful display of class warfare, the President did specifically call for some tax increases on the rich. That includes 800,000 small businesses, by the way, where 70 percent of the jobs come from. But that is the exception that proves the rule. By and large, the President avoids the effectual truth of his mission to get rid of tax expenditures—massive tax increases on the middle-class American families, to whom he promised immunity from tax increases when he was running for President. Instead, he and other members of the party of tax increases refer to tax expenditures as spending through the Tax Code. How seriously should we take his rhetoric?

When the President said he wanted to address the Nation's debt by reducing spending through the Tax Code, it proved too much for even Jon Stewart. This is Stewart's analysis of the President's contention that we could reduce the deficit by attacking spending through the Tax Code:

You manage to talk about a tax hike as a spending reduction. Can we afford that and the royalty checks you are going to have to send to George Orwell? That's the weirdest way of "just say tax hike." That's like saying, I am not going on a diet. I'm going to add the calories to my excluded food intake.

That was Jon Stewart. He hit the nail on the head. For sure it is easy to make fun. But what the President is trying to do with tax expenditures is no laughing matter.

Liberals talk about tax expenditures as though they were just getting rid of wasteful spending. First, as a legal matter, tax expenditures are not expended. Outlays are checks cut from the Treasury Department and are defined as spending under the Congressional Budget Act. Yet most tax expenditures only lose revenue and do not include an outlay portion. Tax expenditures that only lose revenue contain no spending as defined by the Congressional Budget Act and as scored by the official scorekeepers for Congress, the Joint Committee on Taxation and the Congressional Budget Office.

Second, as a policy matter, when it comes to tax expenditures, one person's loophole is another person's opportunity to save for college and retirement, finance a home, and tithe to your church.

Here is the bottom line. Taking away or reducing tax expenditures is a tax increase, unless a tax cut of an equal or greater amount is enacted.

One crucial myth I would like to dispel is that tax expenditures are spending. This chart, "Revenue Loss Does Not Equal Spending," the Federal Government cannot spend money it never touched and never possessed.

What tax expenditures do is let taxpayers keep more of their own money. The American people are the ones who earn their money through their ideas, their risks, and their labor. Whether we are talking about a successful business owner or a part-time worker just starting out, the money they earn is theirs. It is their money, and only by their consent is the government permitted to take some of it in taxation to pay for certain public goods.

But Democrats have a different view. It is this view—one that is fundamentally at odds with our classical liberal Constitution and our Founders' respect for property rights—that contributes to the confusion over tax expenditures.

Liberals think that all of the money that you earn belongs to the government. You have no independent right to the fruit of your own labors, because only by dint of big government are you ever able to make something of yourself. This view is foreign to most Americans—Republicans or Democrats. It is

a view that Alexander Hamilton and Benjamin Franklin and Abraham Lincoln would take issue with. But this is the political philosophy of the modern left.

So when you hear tax hike proponents come to the Senate floor and say we are giving these businesses and individuals all this money in tax expenditures, they are incorrectly assuming that the government has that money to give in the first place. The government does not have this money to give. That money belongs first to the people that earn it—those businesses and individuals who are the American taxpayers.

There are critical differences between spending and tax expenditures. For one thing, the government never touches the money that a taxpayer keeps due to benefitting from a tax expenditure; whereas, with spending the government actually collects money from taxpayers and then spends it.

Here is a more telling difference. Reducing or eliminating a tax expenditure without lowering rates enough to reach a revenue neutral level will cause the size of the Federal Government to grow, while reducing or eliminating spending causes the size of the Federal Government to shrink.

I am open to looking at eliminating or reducing some tax expenditures as part of comprehensive tax reform but only if tax rates are lowered enough to reach a revenue neutral level. Alternatively, reduction or elimination of tax expenditures could be balanced with new tax cuts that are of equal or greater value to the revenue generated by the eliminated expenditures. But if tax expenditures are reduced or eliminated without tax rates being lowered enough to reach a revenue neutral level, that is a tax increase, plain and simple.

We have made clear that as a matter of law and political theory, tax expenditures are not spending.

Now let's turn to an examination of what they are.

Fortunately, we have definitions available.

The Joint Committee on Taxation generally defines tax expenditures as deliberate departures from generally accepted concepts of net income, usually by way of special exemptions, deductions, credits or exclusions. Therefore, tax expenditures generally arise for individual income taxes and corporate income taxes.

The Treasury Department differs from the Joint Committee on Taxation slightly in how it defines a tax expenditure. For example, the Joint Committee on Taxation labels deferral as a tax expenditure but Treasury does not. But whichever definition one uses, it is clear that the President and the liberal proponents of tax increases are using their own politically motivated dictionary.

Tax expenditures have been erroneously described by many as loopholes. This is deliberately inaccurate.

A loophole is something that Congress did not intend and would generally shut down, at least going forward, once it learned of the loophole. Tax expenditures, by contrast, were generally placed by Congress into the tax code deliberately. For example, the largest tax expenditure is the exclusion for employer-provided health insurance and benefits. The second-largest tax expenditure is the home mortgage interest deduction. We all know why they are there, and they are there for good reason.

Tax expenditures are not loopholes. We are not talking here about some fancy tax scheme that a lawyer or accountant has discovered and now promotes to his clients as a way to game the system. These are broad-based tax incentives that benefit many Americans. The deduction for charitable contributions is not some loophole. It was a deliberate inclusion in the code that acknowledges the need for religious citizens to contribute to their churches.

Even some of the smaller dollar tax expenditures were designed by Congress to go to particular industries or types of taxpayers—for example, the tax expenditure to encourage the purchase of corporate jets that Democrats included in the stimulus and that the President is now criticizing.

Whether you agree with these particular tax expenditures or not, an honest debate requires recognition that they were designed by Congress with economic or social goals in mind and are not inadvertent loopholes.

As a matter of law, policy and constitutional government, I fundamentally disagree with those who are pushing these tax increases as part of a deal to raise the debt ceiling.

Our problem is spending that has grown out of control, not a lack of revenue.

According to CBO's June 2011 long term budget outlook, taxes are already heading higher than they have historically been. From 1971 to 2010, revenues as a percentage of GDP have averaged 18 percent. Since the post-World War II era, from 1946 to 2010, revenues have averaged 17.7 percent of GDP.

Yet CBO also projects that revenues as a percentage of GDP will exceed 20 percent by 2021. Even if all the bipartisan tax relief contained in the 2001 and 2003 tax acts is extended, revenues as a percent of GDP will increase to 18.4 percent.

So I ask the question: With taxes already going higher than where they have historically been, should we raise them even more?

For me, the answer is no.

I know that most Utahns would agree, I believe most people in this country would agree, and I suspect that even most Democrats would as well. They certainly would if President Obama and the liberals who pose as advocates for the middle class came clean about just how high taxes on working families would have to go to pay for

the hard core left's preferred level of government. The numbers do not lie.

The deficit is a symptom of out-of-control spending that has grown dramatically in recent years and is reaching crisis levels.

It is not a result of too little in taxes. Democrats can close all the loopholes they want, and it still won't balance the books.

And the Democrats who are talking about the need to close loopholes and eliminate spending through the Tax Code need to be asked which middle class tax relief they want to get rid of as part of their deficit reduction plan.

Do they want to get rid of the charitable deduction or maybe the mortgage interest deduction?

Maybe they want to go after people's 401(k)s or IRAs or 529s.

What is it going to be?

Let me say something here. I am very concerned about where we are going. We have risen this year to 25.3 percent of GDP in spending. The last time we hit that figure was in 1945 at the height of the Second World War, when the government was taking over almost everything to keep us from losing that war. It is certainly over 23 percent right now. What is it going to be?

At a press event tantrum last week, the President answered absolutely none of these questions. He needs to. He needs to get serious about cutting spending.

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

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

Mr. HATCH. Mr. President, I ask unanimous consent that the division of time under the quorum call be divided equally.

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

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

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

Mr. BOOZMAN. Mr. President, it has been almost 800 days since the Senate Democratic majority produced a budget. I do not expect one to appear from the majority today, but at least the Democratic majority canceled the Fourth of July recess to work toward an agreement to deal with our budgetary crisis. With the possibility of default looming, our caucus, led by Senator SESSIONS, has been pushing the Democratic majority to keep the Chamber working over the recent re-

cesses. After refusing past calls to remain in session, the Democratic majority finally recognized that we cannot sort this out if we are not here to focus on it. I, for one, am glad the Democratic majority listened.

The American people deserve an honest and open conversation about the very difficult situation we are in. More importantly, they deserve a commitment that we will work in good faith to end this impasse. Unfortunately, I am not sure we will get that from the Democratic majority or the President. We are in session this week specifically to deal with the budget ceiling crisis, and the only vote the majority leader had scheduled from the outset was a resolution on the Libya conflict. I say "had" because the Democratic majority rightly canceled that vote after intense pressure from our side to keep the Senate focused on the debt ceiling issue.

President Obama has been absent from this debate for months. Only recently he started showing up to tell Americans that his solution to the crisis is raising taxes instead of cutting spending. Meanwhile, we have inched closer and closer toward defaulting on our obligations.

It is interesting that we are here today specifically to work out a solution to our financial crisis 1 week after scenes of Athens on fire as a result of rioting over Greece's own debt crisis dominated the airwaves. One week after passing tough austerity measures to secure further financial aid—the very same measures that sparked the rioting—the Greek Government is far from out of the woods. Standard & Poor's says the proposals for restructuring Greek debt would effectively constitute a default instead of helping the country avoid one.

I mention all of this not to generate fear but, rather, to shed light on the gravity of our situation. We could very well end up like Greece if we do not handle this crisis properly. This is the last thing we want to experience in our great country, and that is why we need to reform our fiscal policy in the way that we have done business in the past. There is too much at stake not to take action now. We are at the point where our Nation can no longer borrow money. The IMF has harsh words for our soaring budget deficits, and credit rating agencies such as Moody's and S&P have threatened to downgrade our government's AAA rating.

President Obama likes to blame our economic mess on the previous administration, but the reality is that over the past 2 years, our debt has increased 35 percent under his watch. That is not the previous administration's fault, nor is it their fault that the annual deficit is now three times greater than the highest deficit during the Bush years. If American families ran their households like Washington runs its budget, the utilities would be shut off and the collection agencies would be knocking on their doors. If they maxed

out a credit card, they wouldn't have the luxury of telling someone else to pay their bills. Yet this is what the President is demanding by sticking to tax increase proposals.

I said this last week, but since the President continues to push tax increases as the answer, I will say it again: President Obama, take tax hikes off the table. We got into this mess by excessively spending. We can't fix the problem unless we stop excessively spending.

The White House remains focused on tax hikes. If we look at their agenda, we can see why. The big-ticket items they have already passed, specifically the President's stimulus and health care bills, have put our country on the path of unprecedented levels of spending that will keep us in the red for my lifetime, my children's lives, and well beyond. The administration's refusal to cut excessive spending, much of which the Nation never asked for, will put us on the course for a Greek-like catastrophe. Without action, annual interest payments on the national debt alone will exceed 40 percent of GDP by 2080.

So with that in mind, the President is working behind closed doors with his allies in Congress to figure out ways to raise revenue. As we all know, revenue is a Washington euphemism for taxes. Instead of further exasperating our economy by raising taxes and putting us in a position that will affect our recovery and our Nation's future, the solution must be tailored to the problem. Washington does not have a revenue problem; we have a spending problem. Any proposal that does not start in that truth should be taken off the table.

If the White House-engineered agreement for raising the debt ceiling does not include significant cuts and a spending cap mechanism, such as a balanced budget amendment, to prevent us from having to raise it again, then I can assure you they will not get my vote. Anything short of that is irresponsible. I know I am not alone in these demands. Many of my colleagues feel just as strongly and will not back down either. The President and the Senate Democratic majority need to understand we are committed to these principles because millions of Americans feel exactly the same as we do. We are here to do the people's work. Let's listen to them instead of trying to tell the people what is best for them.

I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWN of Ohio. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BROWN of Ohio. Mr. President, I ask unanimous consent to speak as in morning business for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

#### COLLECTIVE BARGAINING

Mr. BROWN of Ohio. Mr. President, we just went through the July 4 weekend celebrating our independence on July 4, 1776. On July 5, 76 years ago, something else happened that was very important in our country and very symbolic of what we stand for as a nation. I heard the Presiding Officer from Maryland talk a moment ago about the values we hold as a nation and how important it is to convey those values in everything we do in this body.

What happened on July 5, 1935, was President Roosevelt signed something called the National Labor Relations Act, and we know what came out of the National Labor Relations Act and the other reforms of that era, in addition to Social Security and the CCC and some other things, was the concept and the implementation of collective bargaining. Collective bargaining is a right the American people have to join voluntarily in a collective bargaining unit—generally a labor union—and negotiate on behalf of hundreds or thousands of fellow workers for wages, health care, pensions, vacation days, and other things.

I mentioned that because just late last week something remarkable happened in my State of Ohio. In Columbus, in response to the State legislature taking away those collective bargaining rights and a radical departure from 75 years of collective bargaining, national private sector success, and 30 years of Ohio collective bargaining for public employees' success, the legislature passed a radical act earlier this year to take away those collective bargaining rights for public employees. We know it is a direct assault on the middle class. We know it will mean a declining and shrinking middle class. We know the biggest threat to this country today, to our economy, to our country, and to our country's families is that the middle class is shrinking and the middle class is declining. I call them radicals because it is a direct hit, a direct violation of what we stand for as a nation: the right to organize and bargain collectively and voluntarily.

We have seen these public employees—and who knows what is next—have those rights taken away. We know what will be next: prevailing wage, the right to work—all the kinds of things that procorporate conservative politicians have tried to do for some years. We basically had a consensus in this country. We had a consensus on Medicare, a consensus around minimum wage, a consensus about safe drinking water and clean air, a consensus about collective bargaining rights on which 80 percent, 90 percent of the country agreed. We had disagreements around the edges on the environment or safe drinking water, Medicare, but by and large there was a consensus on what we did here. What we saw earlier this year in Ohio was an assault directly on those values. They are going after collective bargaining rights.

In another piece of legislation they are going after voter rights. In another

piece of legislation they are going after women's rights. In Washington they are going after Medicare.

Let me go back to collective bargaining. What happened last week is something remarkable. In Ohio, unlike many States, after a bill passes and becomes law and is signed by the Governor, there are 90 days to gather signatures. I believe in Ohio's case 250,000 signatures are needed to place on the ballot a referendum. In other words, if this goes on the ballot, the voters have a chance to repeal that bill.

When the radicals in the legislature took away collective bargaining rights and the Republican Governor signed it, a group of Ohio citizens put on the ballot a repeal of taking away collective bargaining rights. They needed about 250,000 signatures. You know how many they had? They submitted last week 1.3 million signatures. Mr. President, 1.3 million people signed saying: We want this to go on the ballot to repeal this radical measure of the State legislature Republicans. No Democrats in either House voted for this to repeal what they were doing. That's 1.3 million signatures.

In fact, they brought a truckload of boxes of signatures. In the Office of the Secretary of State they had to send in a structural engineer, literally, to make sure the floor—I think it is on the 14th floor—could support the weight of these 1.3 million signatures.

I note Senator CARDIN and Senator WHITEHOUSE, when they come to the floor, oftentimes talk about the overreach, the radical nature of what conservative far-right politicians are doing in this country right now. The overreach, going after bargaining rights, going after Medicare, going after minimum wage, putting tax breaks—tax breaks are really earmarks for the rich in the Tax Code—all of these kinds of things they are trying to do are unravelling so much of what we fought for as a nation for so many years.

The good news in Ohio this week: 1.3 million people said they have had enough. We are not going to stand for this. We are not going to tolerate this radical overreach that Governor Kasich and legislators are doing in Columbus and House Republicans and far too many Members of the Senate are doing in this body. That is good news. I think we move forward from there.

I yield the floor.

The PRESIDING OFFICER (Mr. MERKLEY). The Senator from Maryland is recognized.

Mr. CARDIN. Mr. President, let me thank the senior Senator from Ohio, Mr. BROWN, for his leadership for working families. We were colleagues in the House of Representatives and there was no more effective voice on behalf of working families than Congressman BROWN, now Senator BROWN. I just want to thank him for bringing these issues to our attention.

He is absolutely right, there has been an all-out assault on the dignity of



working families in this country at all levels. I will talk a little bit about the budget deliberations because I believe here, also, we find an assault on the middle-income families. As President Kennedy said, "to govern is to choose." We have never had a clearer choice of two different visions of America.

I wish to talk a little bit about that because I know we are all working hard to reach a fair compromise, and I am one of those who believe the final agreement will not be what the Democrats want or what the Republicans want. We will have to do a compromise. But I think the people of this Nation need to know the types of choices we are making here in Washington.

I see the Republicans—and I have heard some of the speeches that were recently given on the floor—are really trying to protect the very wealthy, the millionaires. In the Republican budget, millionaires would get another \$200,000 of tax cuts, where at the same time that budget would cost our seniors, who live on fixed incomes, an extra \$6,000 a year in health care costs if their plan on Medicare were to become law.

Those are the types of choices we are being asked to make here, being asked to continue the gas subsidies—the tax subsidies for the five biggest oil companies in this country. That is what the Republican budget would protect. They would protect those tax breaks. Let me remind you that those five companies in the last decade made \$1 trillion in profits, that during the time we saw escalating gas prices here and our economy being hurt by it, people could not afford to fill up their gas tanks. Yet at the same time those five oil companies had record profits. So we say: Let's take away the government subsidies. Yet the choice for our Republican friends is to say: No, we can't do that. Instead, they look at cutting nutrition programs and Pell grants to make it more expensive for children to be able to go to college or nutrition programs to try to have a healthier America.

Well, what we are pushing for is a balanced approach in how we deal with this budget deficit. We could talk a long time about how we got here, the policies of the previous administration. Just 10 years ago, we had these large surpluses. The previous administration cut taxes not once but twice, the second time using the credit card in order to pay for those tax cuts, went to war not in one country but in two countries and used the credit card in order to pay for those wars, and are wondering why we have all this debt today.

Well, it is our responsibility to take care of this deficit because this deficit is affecting the strength of America. We know we need to have a balanced approach in order to do it. I, along with the Presiding Officer, am a member of the Budget Committee. We are working hard on the Budget Committee to come up with a way we can deal with it. The Democrats on that committee are united that there is a better way than

the Republican budget that came over from the House of Representatives.

Let me talk a little bit about whether this is class warfare. I have heard that mentioned many times. This might surprise you. I might agree with my Republican friends. I think the Republican budget is an attack on class. The Center on Budget and Policy Priorities said the Republican budget "would produce the largest redistribution of income from the bottom to the top in modern U.S. history." We are asking the poor and working families to contribute so the wealthy can get more tax breaks. That is just wrong.

What we want to see is a balanced approach, an approach that says: Look, this deficit is very serious. We have to ask and save money wherever we can to balance the Federal budget. It starts by looking at our domestic spending. We have been willing to say: Look, for programs that are not high-priority programs, we have to cut back on them. Programs that are not working we are going to have to eliminate. Let's get rid of duplicate programs.

We say we are prepared to do that. But you also have to look at the non-domestic programs—our military programs and security programs. We know we are in the process now of bringing our combat troops home from Afghanistan. That can produce savings. Let's use that to reduce the budget deficit. There are ways we can get this deficit down.

I was listening to one of my colleagues on the other side of the aisle talk about the so-called tax expenditures. Let me put this in context for one moment. Our Tax Code spends about \$1.4 trillion a year in special provisions to give special breaks to different taxpayers. I think none of us are saying all of those should be eliminated. What we are saying is, when you find tax loopholes, when you find shelters, when you find tax havens, let's get rid of them.

I have taken to the floor to talk about two areas where I think there is broad consensus. The ethanol subsidy—we do not need it any longer. It is questionable whether we ever needed it. The industry will do just fine without the subsidy. But let me tell you what the subsidy causes. It causes my poultry farmers in Maryland to pay a lot more for their corn, costing jobs in Maryland. So there is a tax subsidy we can get rid of. We had a vote on the floor, and it was quite obvious that the overwhelming majority agrees with that. Why can't we use that for deficit reduction?

We talked about the gas industry. Why are we giving them subsidies? There is no need for them. So we can take those tax shelters, we can take those tax havens, and we can take those loopholes and use that.

And, yes, I think there is a question as to why millionaires are going to continue to get a tax cut that was meant to be temporary in nature when we need as much revenue as we can get

to pay off our bills. I think there is an issue here as to whether that is fair. How do we tell students they have to pay more for college, how do we tell families that fewer will be able to go to Head Start, how do we tell our seniors they have to pay more and yet we tell the millionaires they are going to get additional tax cuts? That is not fair, and it does not make good sense for our economy.

There is a better way. I know my colleague from Rhode Island will speak next. He also serves on the Budget Committee. We Democrats have a better way of doing this. We know how we can reduce the budget deficit by even more than the Simpson-Bowles deficit commission proposed, where we can bring in the deficit and bring it under control to make it a reasonable amount of our economy rather than uncontrolled, as it is today. We can do that by bringing in not just domestic spending but also our defense spending in order to reduce spending more in this country.

We can do that, and we can do it in a way that protects the integrity of Medicare. We do not want our seniors at the risk of private insurance companies. We do not want private insurance companies telling our seniors when they can get care and when they cannot. We tried that before we created Medicare, and we know the problems that were created by that. So in our budget, we want to protect the integrity of Social Security and Medicare and the programs that are critically important to our seniors.

We will close the tax loopholes. We will eliminate shelters. We will make sure everybody is part of the solution. We can do it in a way that will help build this great Nation.

Let me tell you what our objectives are, quite frankly. Our objectives are to manage our deficit, bring it down, bring it under control in a real way, to protect those who are most vulnerable in our country, and to invest in America's future so we can create more jobs, so we can continue to build our roads and our bridges, our water systems, so we can continue to invest in education, and, yes, so we can protect our Federal workforce and pay them decent salaries and compensation benefits. We can do all that. But if we are going to get the job done, Democrats and Republicans have to be honest in their debate and their compromise. It will not be what one side wants. We are going to have to compromise for the good of the American people.

I took the time today to share with the people of Maryland and the Nation where I believe our vision should be in regard to the budget of this Nation. I hope we are able to achieve those objectives because I really do believe our children's and grandchildren's future depends on us getting this right. If we work together, we can pass a budget that is in the best interests of the American people and will allow our economy to grow to create jobs, which

is the best answer to deal with our deficit.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. Mr. President, I am honored to follow my distinguished colleague from Maryland in this discussion about our priorities as we address the debt limit we are approaching. I think Leader REID was wise to choose to cancel the scheduled Fourth of July recess so we could continue to work toward an agreement to prevent defaulting by the United States on our government debt and the financial consequences that would ensue here in America and around the world.

As we negotiate an end to this debt limit standoff, we also, obviously, have to address our looming budget deficits and our looming debt, which threaten to cripple our potential for economic growth in years to come. Where we are on this, of course, is that President Clinton put our budget on course to permanent surpluses. We would be a debt-free nation right now if the predictions the nonpartisan Congressional Budget Office had put in place when President Clinton left office had been kept. In fact, there were changes. President Bush and a Republican Congress squandered away those surpluses with unnecessary tax cuts and unwise spending increases. Our multitrillion-dollar deficits have resulted. We must now fix the budget and bring it back into balance.

So where are we in this standoff? Well, we need to cut spending. Democrats and Republicans agree on that. We need to protect ordinary families who enjoy ordinary levels of income from tax increases. Democrats and Republicans agree on that. The disagreement is whether we also need to raise some revenues in other areas to help balance the budget, areas such as oil and gas and ethanol subsidies, closing corporate tax loopholes, and putting an end to high-income tax-dodge schemes.

On that front, I rise in support of Leader REID's resolution calling for a deficit reduction package that includes a "more meaningful contribution" from millionaires and billionaires.

The Republicans are threatening that they would rather let this government default on its obligations than to what they call "raise revenues" by requiring the wealthy to pay their fair share. Just last week, Senate Republican leader MITCH MCCONNELL called on President Obama to take any raised revenues "off the table" and to balance the budget solely on spending cuts that affect the middle class and lower income families. In an opinion piece on *cnn.com*, Senator MCCONNELL proclaimed that "tax hikes can't pass the Congress."

Well, let's pull the curtain back and take a little glimpse behind it as to whom the Republicans are fighting so hard to protect.

As shown in this picture I have in the Chamber, here is a building in New

York City on Park Avenue, the Helmsley Building. Because this building is large enough to have its very own ZIP Code, we know from actual IRS information—not projections, not guesses, not conclusions drawn from rates; from actual paid-in IRS information—that the wealthy and successful individuals and corporations that call this building home paid a 14.7-percent total Federal tax rate in the last year they have done the calculation, 2007. That is lower than the actual tax rate, on average, of the New York City janitor or doorman or security guard who would work in this building. It is upside down. The people who serve the occupants of this building pay a higher tax rate than the occupants of this majestic building. The tax gimmicks that let those occupants pay a lower rate than the people who take care of the doors and the cleaning and the security for them—that is what the Republicans are fighting to protect.

This problem is not just a fluke in the Helmsley Building. Each year, the Internal Revenue Service publishes a report that adds up all the taxes paid by the 400 highest income earning Americans. I spoke earlier this year—several times, actually—on last year's report, which included data from 2007, like the same year as for the Helmsley Building. In that year, these super-high-income earners, making, on average,  $\$1\frac{1}{2}$  billion, approximately—billion with a "b"—paid a lower tax rate in 2007—the 400 of them did, on average—than an average hospital orderly who is a single payer pushing a cart down the halls of a Rhode Island hospital at night.

In May, the IRS published updated data on the top 400 income earners for 2008. Let's take a look at the status of the top 400 earners in that more recent year. Well, they are down from  $\$1\frac{1}{2}$  billion, on average, to over  $\$1\frac{1}{4}$  billion each. Certainly we can applaud that kind of success in America. That is definitely the American dream come true. But, on average, they paid an average tax rate of 18.2 percent. That is what they actually paid. That is what they put into the IRS. Once you get through all the tax dodges, all the different schemes, all the different deductions, all the different rates, when you actually put the pen to the paper at the bottom line, it is 18.2 percent.

We spent a lot of time around here debating whether the top income tax rate should be 35 percent or 39.6 percent. Folks, that is not what they are paying. The Tax Code is so filled with special provisions that tend to exclusively or disproportionately benefit the wealthy that the highest 400 income earners, earning more than  $\$1\frac{1}{4}$  billion in 1 year, paid an average tax rate of 18.2 percent.

This means that the 400 highest earning individuals in the Nation, in 2008, paid the same effective tax rate as a truckdriver in Rhode Island. According to the Bureau of Labor Statistics, on average, an ordinary truckdriver earns

\$40,200, which is about the place in the Tax Code, on the way up, where you first hit paying 18.2 percent of your income in taxes.

So what the Republicans are asking as part of the debt limit compromise is that we cut employment and job training support now, at a time of record joblessness, while they continue to fight to make sure that people making a quarter of a billion dollars a year pay lower Federal tax rates than average middle-class families.

Here is another building that has a little story to tell. This is a building called Ugland House. It is over in the Cayman Islands. This building does not look like much. It is pretty nondescript. But over 18,000 corporations claim to be doing business out of this building—18,000 out of that little building. Clearly what is going on is that those corporations are hiding through shell companies, phony corporate identities that they and wealthy taxpayers use to hide assets and play tax games with the IRS.

This kind of mischief down in the Cayman Islands and elsewhere through these tax dodges is estimated to cost us as much as \$100 billion every year. As part of a debt limit compromise, the Republicans are asking us to cut America's investments in science, cut America's investments in technology at the same time they are fighting to protect corporations that hide in offshore tax havens so that the honest American taxpayer has to pick up the burden for them. That is what they are fighting for when you pull back the curtain.

When all is said and done, everyone, Democrat and Republican, agrees that there needs to be cuts. And everyone, Republican and Democrat, agrees there should be no tax increases on ordinary middle-class families. Those concerns are not at issue. Where is the dispute? What is the blockade? Again, pull back the curtain and you will see that the Republicans are willing to let us as a nation default for the first time in our history on our debt, which would devastate our economy, all to defend tax rates for millionaires and billionaires that are lower than those paid by regular hardworking Americans; all to defend offshore tax havens that are used to evade taxes while ordinary families are expected to pay their taxes; all to defend corporate and special interest tax loopholes, earmarks for the wealthy and well-connected. That is where they have chosen to stand their ground. That is where they have chosen to pick a fight.

As our Nation rushes toward the August 2 deadline and the agreement deadline before August 2 when we must have something in place in order to get the President's signature on a bill by August 2—as we rush toward that, as the world's economy and America's economy are imperiled by the threat of our debt limit not being lifted, what are they fighting for? That is what they are fighting for, for the super-privileged, for the super well-connected, for the tax dodges they take



advantage of, and for the lower rates the superrich pay compared to the rest of all of us. Those are the interests that Republicans are protecting when they reject any revenue increases to bring down our unsustainable deficit. They say it is tax increases they are against. Well, the answer to that should be Americans asking the question back: Tax increases for who? Because if it is tax increases for the guy who is making a quarter of a billion dollars, and is paying a lower tax rate than a truckdriver, that is okay with me. That is a tax dodge we can get rid of. If it is a tax increase for a company that is going to hide in this building in the Cayman Islands to shelter its incomes so that Rhode Island corporations and Oregon corporations, American corporations have to make up the difference—American taxpayers have to make up the difference, and they cannot hide their income down there any longer, that is a tax increase I can live with. I do not think that is what ordinary Americans have in mind when they say we do not want tax increases. They mean we do not want our rates to go up. But ordinary Americans know that our Tax Code is filled, riddled with gimmicks and tricks and loopholes and deductions that have been put in it over the years by lobbyists. They are earmarks, they just happen to be earmarks in the Tax Code. They spend America's money through the Tax Code just as much as if it were an appropriation.

But what is the big difference? The big difference is it takes being a very wealthy individual or a very big corporation to be able to take advantage of those tricks, to be able to hire a lobbyist who can build that trick into the Tax Code, and to have the revenues and the resources to be able to maneuver through the Tax Code in that way. Ordinary Americans do not do that.

You can ask pretty much anybody in Rhode Island, show them the thousands of pages of the Internal Revenue Code and ask them: Who has a special provision in it for you? Nobody does. They are regular Americans. They pay regular taxes. They do things the way they are supposed to be done. The gimmicks and the tricks are all at the upper end, and it is time to clean house, particularly now when we so badly need the revenues to balance our budget.

It is simply inexcusable that our tax system permits billionaires to pay lower tax rates than truckdrivers, that it allows the wealthy to avoid taxes by hiding assets in phony offshore corporations. Even if we had no budget deficit, just being fair, honoring the principle of equality would demand that we address these inexcusable discrepancies that favor the wealthy and the well-connected. Our budget crisis, however, brings real urgency to the problem. So as we continue to work to avoid a debt default by the United States of America and to bring down our budget deficits and to reduce our

crippling national debt, I hope Senator MCCONNELL and the Republican Conference will revisit the potential to significantly cut the deficit by addressing tax loopholes, tax gimmicks and, frankly, outright injustice to the ordinary American taxpayer that they are now defending here in the Senate.

I see the distinguished Senator from Alabama arriving.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I understand that President Obama has summoned certain congressional leaders to the White House tomorrow to discuss spending, debt and deficits, and the debt limit we now operate under. The President has summoned congressional leaders to the White House on at least eight different occasions in recent weeks to discuss budget and debt issues, not including the private talks involving Vice President BIDEN.

Yet with only weeks to go before the debt limit deadline—we are told August 2—secret discussions have failed to produce any grand bargain. Talk is not an action. I do think that is a problem the President has. He thinks making a speech or having an announcement is something that actually involves changing course in America and it has some effect, when it is pretty clear it does not.

We have had lots of talks and we have heard lots of speeches, so I think we should stop paying attention to these private talks, from which no details emerge and no public discussion is heard. We are getting much too close to the point at which it will be too late to involve the public and allow Congress to fulfill its constitutional duty on spending and taxes.

In remarks yesterday, the President said, "To truly solve our debt problem, we need to take on spending and domestic programs and defense programs and entitlement programs." Well, I agree. Yet the only plan he has put forward proposed increases in his spending for next year in the budget he submitted. He submitted a budget earlier this year. He made a speech backing away from it a little bit but not a lot, because his speech, when we carefully tried to study it, did not do much to change what the trajectory is in his budget.

But this is what the budget calls for next year that we are supposed to be working on now and are not. This budget proposes to increase spending in 2012, beginning October 1, 2012—well, the inflation rate is projected to be 1.3 percent. It may be a little higher than that. Defense called for a 4.3-percent increase in spending. The Energy Department called for an 8.9-percent increase in spending, that big bureaucracy that is trying to make sure we block production of American energy. It proposes for the State Department a 9.3-percent increase in spending, and the Education Department a 13-percent increase in spending, at a time this

country is in incredibly difficult straits. We are having double-digit increases.

Then in the Transportation Department, he proposes a 62.4-percent increase. Do we really need to have high-speed rail within walking distance of 80 percent of all Americans? We do not have the money to do that. Most of the high-speed rails are not working—are not paying for themselves around the world. They can work in certain highly congested areas in good locations, perhaps. This idea that we are going to have a massive national interlocking system of maybe \$700 billion of high-speed rail is not realistic in the short term. But his budget called for a 62-percent increase.

We asked where the money would come from. They said it is a tax.

What kind of tax?

Well, it is not a gas tax.

So I called it the "not gas tax tax."

What tax then do you propose, Mr. Secretary, before the Budget Committee?

Well, we will talk with Congress about that.

Well, the Congressional Budget Office, which is required to analyze expenditures against revenues, said that is not a proposal of revenue, and they scored that as all expenditures without any revenue, because we are not going to pass a big tax to increase this kind of spending. Give me a break. If we do, we ought to use some of the money to pay down the debt, not continue to surge spending in this fashion.

I wish again to point out that President Bush in his last year in office had the largest deficit I believe the country had had in recent modern times. The largest he had was \$450 billion. That was large. It was roundly criticized. It included a lot of the TARP money that they threw in at the last minute.

But what about President Obama's first year? That was \$1.2 trillion in deficit. The second year: \$1.3 billion. And this year, it is projected around \$1.5 trillion, going into 2011, ending September 30. Then September 12, he has got these kinds of increases. What kind of responsible behavior is that? For the President of the United States to say that we need to truly solve our deficit problems, we need to take on spending in domestic programs and defense programs and entitlement programs, and this is what we get as a proposal, to increase spending at double-digit rates, basically. I mean what is this? There is no proposal whatsoever to deal with entitlements. Those long-term unsustainable programs threaten the future of our country economically. Indeed, we are in more trouble right now than a lot of people realize from our debt situation.

So the only plan the President put forward, as I said, is increasing these expenditures and not confronting entitlement programs at all. And when the House Members passed a far-reaching, historic, honest, fact-based budget that would have actually changed the debt trajectory of our country over a period

of years, it was considered to be tough, but even it did not balance within 10 years.

We are in a deep hole. It is hard to balance this budget. The House proposed that and they laid out a plan, after 10 years, altering Medicare so that it would help put Medicare back on a sound basis. All of it was slammed by the President of the United States. He even had a speech at the White House and invited Congressman RYAN, who is the brilliant chairman of the House Budget Committee, and had him sit right in front of him, and then he slammed his bill. Congressman RYAN had courage and integrity and he produced an honest budget that would have made a difference for America. Would we have agreed with everything in it? Of course not. But he didn't deserve to be hammered by the President of the United States.

To begin to change the debt trajectory we are on, we need to cut at least \$6 trillion of spending over 10 years. That is not enough, but we need to do that. If we do that, it will make a huge difference. Just \$1.5 trillion or \$2 trillion in cuts will not be enough. It will not be enough. The President's budget, which he submitted in December—the only budget we have gotten from the Democratic side—would increase the debt by \$13 trillion, and \$2 trillion in spending cuts is not enough.

We are long past the point when the President needs to share his vision with the country and admit that he cannot keep up this spending rate. His budget was a failure to confront the reality that we don't have the money to keep up unsustainable spending.

According to Bloomberg News, Democratic officials claim that a deal will have to be reached between July 15 and July 22 "in order to write a bill and comply with congressional rules requiring advance publication before consideration." In other words, we have as little as 3 days to see the legislation.

I have proposed legislation that says we ought to have 7 days to consider this historic piece of legislation that would raise the debt ceiling. We want to see how much change in spending the bill would mandate. In other words, if we are going to raise the debt ceiling, because we have limited how much debt America can approve—Congress has—and to keep borrowing—we are borrowing 40 cents of every dollar we spend—if we keep borrowing, we have to raise it. What we, and the American people, are saying is we don't like raising it, but if we do, you better show us that you have changed your ways and you are not continuing this reckless spending, when we don't have the money.

Every bit of that increase is borrowed. We can't continue that. I truly believe that Congress needs to assert its role, step up and accept responsibility for the crisis we are in and begin to develop the procedures openly and publicly and get us out of this fix.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Ms. KLOBUCHAR. Mr. President, I rise today to speak about the daunting fiscal challenges our country faces and the urgent need for comprehensive bipartisan action to address our Nation's debt.

As we debate the path to securing our country's fiscal future, Greece is battling to keep from defaulting on its bonds. It is in the news. There are legitimate concerns that a default in Greece would send shock waves through the world financial markets, with an impact potentially as devastating as the 2008 collapse of Lehman Brothers.

To avert bankruptcy, Greece has enacted austerity measures so drastic that violent rioting has broken out in its streets. Despite these measures, and despite the aid of other European countries, many economists believe Greece will eventually succumb to its rising debt burden and default. Standard & Poor's warned Monday that even with the planned bailout by European banks, Greece's credit rating could be still downgraded to "selective default." While better than a full-blown default, this will almost certainly roil the markets and cut off Greece's access to credit.

Alarmingly, Standard & Poor's gave a similar warning to the United States last week. In a statement to Reuters, Standard & Poor's said it would drop the United States triple A rating to "selective default" if the Treasury Department misses its repayment on \$30 billion in maturing bills on August 4.

Although our long-term fiscal challenges are serious, they are not what caused Standard & Poor's to issue this warning at this very moment. Instead, what caused the warning was a growing concern that the Congress would fail to come together to pass a bipartisan deal on the debt ceiling—something Congress has done without incident almost 100 times since the limit was established.

We must get serious about tackling the deficit and putting our country back on sound fiscal ground. But the problem we are facing now is not only a crisis of the dollars and the cents, it is also a crisis of the divide and the deadlock.

We know what we need to do in order to avoid default and bring down the deficit. We have all the tools and information necessary to do it and avoid a situation such as we are seeing in Greece. Yet instead of working together to craft a fair and responsible path forward, some have chosen to draw lines in the sand and take the debt limit—and our Nation's economy—hostage.

Addressing our country's fiscal challenges is something I have taken seriously. Since coming to the Senate, I have worked to reform the way Congress conducts its own business—reducing the budget of Congress, fighting for appropriations project reform, and

working to restore the pay-as-you-go rule. I was one of a handful of Senators who fought for the creation of the fiscal commission, and I have supported efforts from both Republicans and Democrats to responsibly reduce the deficit.

While I believe we have reached a defining moment as a country which should not be wasted, I also know we can't afford to play Russian roulette with our economy.

What our country needs is for Congress to come together and build consensus around a comprehensive long-term deficit reduction package that will put us on the track to prosperity.

Ever since the economic downturn, families across the country have huddled around the kitchen table, making tough choices about what they hold most dear and what they can learn to live without. They expect and deserve their leaders to do the same. The American people are counting on us to put politics aside, pull together, not pull apart, and agree on a plan to live within our means and make America strong for the long haul.

If we are going to succeed in this challenge, we will ultimately have to accept things that we don't necessarily agree with. It is the only way to develop a plan that is both balanced and comprehensive.

We already know much of what will need to be done. Our failure to act has not been because we lack solutions, but because too often Congress has lacked the political will to get behind a consensus proposal. After months of debate, it is clear what sort of plan is needed to garner the support necessary to get us across the finish line.

First, a solution should match the scale of the problem. I want to see one that produces around \$4 trillion in deficit reduction over the next decade.

Second, it should include a mix of revenue with realistic spending cuts. One example we are seeing right now is biofuels. The biofuels industry has been willing to put a big chunk of change on the table, right in the middle of the year, as we are working with Senators THUNE and FEINSTEIN on an agreement in which it would be a template, where one industry says, OK, we understand that we have a big problem, and we are willing to put money upfront for the debt. We are willing to look at what we need to do in the long term to have a secure energy policy, but also help with the debt and end this subsidy. We want to see oil do the same thing. We want to see a lot of these loopholes closed, a lot of these subsidies end, and do it in a smart way. The budget Senator CONRAD has been working on with the Budget Committee is an example of a mix of those revenues and spending cuts. That is what we have to look at.

Third, we must be able to achieve bipartisan support with a proposal, which is why I continue to support the work that has been done by the Gang of 6.

It is time we get serious about advancing a plan that is both fair and

achievable. On August 2, the borrowing authority of the United States will be exhausted. No one benefits if we are unable to reach an agreement by this deadline. Every day that passes without a deal only increases uncertainty in the markets and puts the brakes on economic activity. Failure to bring the national debt under control threatens America's future, but the danger of default threatens our economy today.

The way I see it, we have two options. We can either set a precedent of holding our debt hostage to political maneuvering, raising the cost of borrowing and increasing the deficit, or we can show the world that we are serious about addressing our fiscal challenges, reducing the cost of borrowing and strengthening our financial outlook. I believe the choice is clear.

The sooner we can agree on a long-term package, the better for our economy and our country. I hope we can put partisan differences aside to work on an agenda that strengthens our economy, promotes fiscal responsibility, and increases global competitiveness, because if we refuse to have an honest conversation about this, if we insist on using the debate as a vehicle for rhetoric only, we will not just be doing ourselves a disservice, we will be cheating our children and grandchildren out of knowing the America we grew up in. The deficit isn't going to fix itself. We all know that. We all know we can't close our eyes, click our heels, and wish the debt would go away.

In their report, the National Commission on Fiscal Responsibility wrote that "every modest sacrifice we refuse to make today only forces far greater sacrifices of hope and opportunity upon the next generation." They are right. The longer we wait, the more wrenching the choices become. Look at Greece. Who will be making those painful choices? Our children and our children's children.

None of us wants to see interest rates soar by playing Russian roulette with our economy. Democrats don't want it, Republicans don't want it. So what are we waiting for? It is time for Congress to step forward and show some leadership. It is time for us to work together to show the American people that Washington isn't broken, and that instead we are willing to put aside politics to do what we were elected to do—to do what is right for America.

This is our challenge, and it will be a hard challenge to meet. But I am confident we can come together to make these tough choices, to do what is right for our economy, and to renew the American promise of progress and opportunity for generations to come.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. ENZI. Mr. President, I rise to talk about the debt crisis our Nation is facing and how we can come together to fix it. We do talk about how we are putting this debt on our children and

grandchildren. The time is on us right now. The bill is coming due.

We are facing the most predictable crisis in our Nation's history with our current financial situation. It is a problem we can all see and that we can all acknowledge must be fixed. Of course, acting is not as easy as talking. If it were that easy, we would not be so far in debt.

For some time, we have been talking about reining in spending and making sure that our grandchildren aren't saddled with the enormous debt our country is facing. Now we are facing the reality of reaching the debt ceiling—a cap that has increased to \$14 trillion—that is trillion, with 12 zeros—more than \$2 trillion over the previous debt limit of \$12 trillion—a little over a year ago, in February of 2010.

We have raised the debt ceiling 74 times since 1962, and we have raised the limit 10 times since 2001. Listen to this. In the last 4 years, we have raised the debt ceiling five times. It is accelerating.

What does this tell us about our spending habits? The numbers don't lie. It tells us we have had to raise the debt ceiling to keep up with increased Federal spending. It tells us we have forgotten entirely how to live within our means, and that we need to make serious decisions about cutting Federal spending. We need to make those decisions now.

We have all been talking about it. Republicans have come to the Senate floor and talked about the country's financial future. They have talked about our debt, projections for the future, and agreed that this path is unsustainable.

Republican and Democratic administrations and Congresses for decades have continually increased Federal spending. No one party holds all the blame for the situation we are in, but clearly the road we are traveling on is leading to a crisis.

Last week, the President held a press conference where he lectured Republican Members of Congress. He told us we need to stay in Washington to get things done. After listening to his press conference, we invited the President to meet with Senate Republicans. We hoped to explain to the President that the political reality makes it so that a bill containing tax increases cannot pass the House or the Senate. After lecturing us about the need to be in Washington and the need to get our work done, one would assume the President would take us up on our offer to meet. Instead, his spokesperson said meeting with Senate Republicans was "not a conversation worth having." Rather than staying in Washington to work on the debt and deficit, the President chose to fly to a fundraiser in Philadelphia.

Republicans have been engaged in efforts to fix the debt and deficit since the election last fall. House Republicans passed a serious budget that would cut \$6.2 trillion over the next

decade—not enough but substantial. After demagoging the Ryan budget as an effort to kill Medicare and push grandma off the cliff, Senate Democrats have yet to bring any budget to the floor.

I heard just a few minutes ago that one is being considered, but it is being considered in a very partisan way, and I don't know if we will get to see it before it comes to the floor. But we have gone 800 days without passing any sort of budget. Even though the media reported that Senate Democrats have reached a budget agreement, they still haven't brought the budget to the floor or shared it with Republicans. Why? I can only assume it is because it includes trillions of dollars in tax increases that would be unpalatable to the majority of Americans.

The President presented a budget and we voted on that budget. In fact, it was voted on 0 to 97. The President couldn't get a single vote for his budget. I didn't see that in many headlines, but it happened. Check on it.

While Democrats continue to ignore the problem, Republicans look for solutions. All 47 Senate Republicans have signed on as cosponsors of a constitutional amendment to balance the budget. Senator TOOMEY and Senator PAUL put forward their own budget efforts that would balance the budget. I have introduced legislation that creates 2-year budgeting and other legislation that would reduce spending by 1 percent each year for 7 years until we balance the budget. If Congress can't reduce spending by a single percentage point each year, it basically has given up and decided to leave this huge and growing pile of debt to tower over our children and our grandchildren and us, casting a grand shadow over their future and ours.

I remember a hearing we had in the Finance Committee and pretty much what everybody said was: Quit digging. You are in a big hole, quit digging. Phil Gramm talked on taxes and said: Don't penalize America with a tax every time Congress fails to do its job, which is to balance the budget, to spend reasonably. Failure on Congress's part doesn't warrant taxing Americans.

So where do we go from here? Republicans are ready to work, but we need Democrats to work with us. We need the President to take a realistic look at the situation and realize that tax increases are not the answer because the votes aren't there to pass a tax increase. We need to come up with a solution to the budget crisis we face and we need to do it now.

If we are serious about fixing the problem—and I believe many of us are—we have to come to the table willing to work. We have to stop pointing fingers. We have to stop playing political games. We have to stop demagoging ideas that are proposed. We need the President to step to the plate and explain to the American people the problem we face if we don't get our debt and deficit under control and

then give the solutions, not just tax raises.

The President is the only person in the Nation who has the bully pulpit necessary to teach the American people what happens if we don't get a budget and don't get timely appropriations. The President talked about some of the taxes he would increase. The deficit commission suggested those taxes could be used, but they suggested they should be used to lower company rates so we can compete internationally, which would increase revenues. They didn't suggest they should be used to pay for new programs, and they are not even being suggested to reduce the deficit.

Rather than taking the lead in selling the plan, the President has tried to stay above the fray and instead spent his time criticizing Republicans who have come up with a variety of plans. That isn't productive, it isn't helpful, and it will not lead to a deal. We need to end the finger-pointing and show the plan. Show us the plan. Bipartisanship is not about compromise, it is about what we leave out or finding an alternate way to accomplish a mutually agreeable way.

I know it works. I have seen it happen. The late Senator Ted Kennedy and I were able to put this theory into practice when we worked together on the Health, Education, Labor, and Pensions Committee. He and I came from opposite sides on most issues, but we chose to focus our time and energy on what we knew we could get done. It amazed people, but we sure got results. All in all, when Senator Kennedy and I led the HELP Committee, we got 35 bills reported out of committee and 27 signed into law.

These kinds of results are possible today, but we have to get to work. We can't keep raising the debt ceiling. We can't tax more every time we have a good idea. We have to address the spending problem in Washington, and we have to figure out some solutions to correct our long-term budget outlook. These aren't easy issues to address, but we have been sent to do a job, and that job includes rolling up our sleeves and finding a way out of the mess.

We are here through this July recess, but we are still not doing anything that is proactive or productive. The Democrats are in the Senate majority. They control the floor. Yesterday, we did a nothing vote to see if everybody was back. We will not vote until tomorrow now, and it is just a political ploy put up by the leader. It is messaging, and messaging will not pay the bills. Let's get something done in this session.

I yield the floor.

The PRESIDING OFFICER (Mrs. HAGAN). The Senator from Massachusetts.

Mr. KERRY. Madam President, what is the order at this point?

The PRESIDING OFFICER. The Senate is on the motion to proceed to S. 1323 until 6 o'clock, with Senators permitted to speak for 10 minutes.

Mr. KERRY. Madam President, I ask unanimous consent that I be able to proceed for 30 minutes.

The PRESIDING OFFICER. Is there objection?

Hearing no objection, it is so ordered.

Mr. KERRY. I thank the Chair.

Madam President, I listened to my colleague just now and I have listened to colleagues over the last weeks and there are a lot of crocodile tears being shed on the floor of the Senate about why we are not doing something, all of which completely ignores the fact that everything we try to do, the folks on that side of the aisle make us take longer and longer and longer than we have ever taken before because they push every single procedural objection possible. Even the most routine thing we try to do on the floor of the Senate requires 60 votes or requires a motion to proceed. The most perfunctory, simple thing requires us to go through every procedural hoop and parliamentary process because they have persistently pursued a strategy aimed at gridlock.

The idea is to make Americans see the dysfunction and then blame it on the party in power and run against them. It is the most cynical, craven, and dangerous policy I have ever seen in the 27 years I have been in the Senate, and I regret it for our country.

There is a reason Democrats are standing, as a matter of principle, against the Ryan budget and against the proposals our Republican friends keep proposing. That is because they are the only party who have consistently stood and said: We are not going to consider everything. We are just going to give you a tiny, little menu, and you have to balance the budget out of spending cuts only. That is all that is in their budget. The only thing in their budget is spending cuts. Twelve percent of the entire budget is all they have put on the table in order to try to do something responsible about the deficit of our country.

We, on the other hand, have consistently said: We will put everything on the table—everything—Medicare, Medicaid, reforms—not benefits. We are not going to cut the benefits on people because we don't have to in order to deal with this problem, but we can reform them. We can certainly be more effective and efficient, and we are prepared to do that. There are a lot of other things we are prepared to do—defense spending, wars, and a whole series of things.

Last week, one of our newest colleagues made a very interesting and I thought revealing observation. The Senator from Delaware, CHRIS COONS, who balanced budgets in county government, who took cases all the way to the Supreme Court, who has seen decisions made in the business world as well as in the nonprofit world and who is an enormously capable person but new to the Senate, made the observation that some people are actually looking into the language of the 14th

amendment and the debt limit in order to learn whether "there might be some way to save us from ourselves."

That observation brought home to me how absurd this place must look right now, not just to a new Senator who came here with hopes of getting the business of our Nation done but to the average American, to people who invest in the extraordinary mythology that surrounds this great institution we are all a part of—the greatest deliberative body in the world. We can laugh at that one today. There is an absence of deliberation—a great absence of deliberation—and I think a lot of people are alarmed by the dysfunction they see with respect to this great institution.

It is extraordinary when we have to look at the language of the Constitution to find possible ways to do what Congress and the Senate are supposed to do on their own—take tough votes, look at the tough issues, make tough decisions but, most importantly, do it in the interest of the United States, not in the interest of either party or of some ideology.

Here we are, less than 5 weeks from August 2, the day the U.S. Government will default on its obligations for the first time in its history, and Washington is still playing the same old political game—a dangerous game of chicken—with enormous consequences for our economy and our future in every respect—economic, social, and national security.

I hear this in my travels. Senator MCCAIN and I were in Egypt recently, and we had people turning to us and saying: Hey, how about you guys? Can you get your act together before you are telling everybody else what they ought to be doing with respect to their future?

You are promoting democracy. How is your democracy doing back there in the United States? Working out all right, right now?

Washington is stuck, and it is stuck because we have a few ideologues and some people outside of the U.S. Senate who cower our fellow colleagues with threats of primaries. People are going to run against them if they move off of the orthodoxy of extremism. The result is that nothing is happening. Fear has gripped the Senators who raised their right hand and said: I swear to uphold the Constitution of the United States.

Well, everyone here I think acknowledges that defaulting on our obligations would be disastrous for our country. Everyone here simultaneously says they don't want the default to happen. But here we are with a small minority holding the debt limit hostage to an ideological agenda, saying they will not consider an approach that most observers consider indispensable and reasonable in reaching an equitable solution to our crisis.

Frankly, the consequences of not doing something are not far off in the future. Every day that we are here not getting this decision made, we are

weakening our economy and we are making our government and, through it, our country look helpless and adrift. The fact is that it is already having consequences with respect to business decisions. Capital is holding back. Businesspeople are reluctant to invest, uncertain of what the budget of the United States is going to look like, uncertain of what kinds of signals we are going to send to the marketplace. Certainty. I keep hearing colleagues say we have to send certainty. But when they look at this chaotic debate, what kind of certainty could any businessperson possibly take from what is not happening in Washington today?

Our friends on the other side of the aisle say they want to create jobs, but Moody's chief economist, Mark Zandi, has said that hiring is only going to resume if we can get our act together and settle this debate, and the sooner, the better. At the beginning of the month, Moody's announced that it might downgrade our country's credit rating if Congress isn't able to come to an agreement by the middle of July. That is a week away. If that happens, I promise you our economic recovery is going to halt in its tracks. Maybe some people want that. I hope not. But today investors are looking at the scene here in Congress, and they are wondering if we are ever going to get it together. And the longer we wait to get serious, the higher the interest rates are going to move. That hurts everyone in America. Everyone who owns a home or runs a small business is going to be squeezed while Congress is in this ideological standoff.

I read David Brooks' column this morning in the New York Times, a brilliant column talking about the unreasonableness of taking things off the table in this discussion.

Recently, 235 economists, including 6 Nobel Prize winners, sent a letter to congressional leadership urging them to raise the debt limit immediately. Not doing so, they said, could have a substantial, negative impact on economic growth at a time when the economy looks a bit shaky, and, at worst case, it could push the United States back into recession. So are we going to listen to 235 economists, including 6 Nobel Prize winners, or are we going to be driven by this extremist position that does not allow for reasonable discussion about what ought to be on the table?

I think this is a dangerous and irresponsible moment in our country. Not raising the debt limit would result in a crisis potentially far more severe than the financial crisis of 2008 and 2009. The consequences would include any number of things, from increases in State and local government borrowing costs, increases in corporate borrowing costs, including mortgage interest, declines in equity prices and home values, declines in 401(k)s and other retirement savings, reductions in the willingness of investors here and around the world to invest in the United States, and job losses on a significant scale.

Now, as I have said, I don't believe that is going to happen. But the question is, Are we going to get a deal that hurts America or helps America? If we eat America's seed corn in this deal—by that, I mean don't invest in America's infrastructure, don't invest in education, don't invest in the research and development that is so critical to the creation of new jobs—if all we do is what the other folks in the House said we ought to do by just looking at 12 percent of the budget and cutting spending, if that is all we do, we will eat America's seed corn, and the next generation will pay the price. Without investing in our future, we could face an economic downside unlike anything we have seen in recent memory.

In 1983, President Reagan wrote:

Denigration of the full faith and credit of the United States would have substantial effects on the domestic financial markets and on the value of the dollar in exchange markets. The Nation can ill afford such a result.

Nearly 30 years later, we are facing that kind of incalculable damage.

The fact is, Chairman Bernanke and Secretary Geithner have already used extraordinary measures to try to keep the Nation from default and keep the economy moving.

Already, Treasury Secretary Geithner has used extraordinary measures to keep our Nation from default. And, these measures have bought us some time to deal with congressional negotiations, but it happens that some Republicans have proven themselves willing to sacrifice our Nation's economy in a misguided attempt to score political points. I know they will protest and say "we're just trying to solve our debt crisis," but the truth is there is more than one way to do that not just their way and particularly not when that way can have disastrous consequences on the economy.

Federal Reserve Chairman Ben Bernanke says failing to raise the debt ceiling on time could cause "severe disruptions" in the markets. He said:

We should avoid unnecessary actions or threats that risk shaking the confidence of investors in the ability and willingness of the U.S. government to pay its bills.

As of this moment, no one knows for sure how much time our financial markets will give Congress to come up with a solution before severe disruptions could occur. According to a J.P. Morgan analysis, the delay in raising the debt ceiling is likely to negatively impact markets, as investors undertake risk management actions in preparation for a potential Treasury default.

These effects could include immediate liquidity shortages as borrowers attempt to raise additional cash and increase the tenor of their borrowings, large auction concessions especially if Treasury were to postpone an auction, increases in open volatility that cover the June/July period, and general weaker demand for Treasury securities. As time goes on, failure to raise the debt ceiling could touch off a mini-fi-

nancial panic, perhaps throwing the fragile economy back into recession.

If you don't believe me about moments like this, just look at our history and you don't have to look far. Just look back 3 years to September 2008, when Congress initially voted down Treasury Secretary Paulson's \$700 billion plan to provide assistance to financial institutions. Investor confidence was brutally shaken and the Standard & Poor's 500-stock index plunged 8.8 percent that day.

If we do not act and act very soon indeed those who lend us resources will eventually demand higher interest rates. Government borrowing will crowd out private investment. A larger share of our Federal budget will be devoted to interest payments instead of productive investments like education, national security, and programs for our elderly and most vulnerable. Higher borrowing costs for American households and businesses will discourage future private investment, lowering our capital stock, reducing our economic growth and depressing our standard of living.

Mr. President, this isn't half as complicated as some have chosen to make it. We are not as far apart as this debate would imply. We can all agree that deficits are too high. We can all agree that we shouldn't be borrowing 40 cents on every dollar that we spend. We even agree that we need \$4 trillion in deficit reduction to put us on a sustainable path.

But in the end, this budget debate can't just be about just cutting spending which is all the Republicans have offered. Our future is at stake—literally. Everyone says that job creation and investments in infrastructure, clean energy, and medical research are essential. We need to give the economy the tools to recover. As Ben Bernanke affirmed just the other day, we can't just cut our way to jobs and recovery. The Americans who sent us here understand that and want investment in our future.

I believe there are better choices that we face. This is not half as complicated as some have chosen to make it. In fact, I don't think we are as far apart in this debate, when you talk to a lot of our reasonable colleagues on the other side of the aisle, as some want to imply. Everybody can agree deficits are too high. We can all agree we shouldn't be borrowing 40 cents on every dollar we spend. We can all agree we need about \$4 trillion in deficit reduction to put us on a sustainable path. But in the end, this budget debate cannot be just about cutting spending, even though it must include cutting spending.

Everyone has said that job creation and investments in clean energy, infrastructure, and medical research are essential, and I think we need to do the things that would make our economy move. Let me give an example of this. In America today, we are living off of the investments our parents and our

grandparents made. The Interstate Highway System didn't just sprout up one day; it was a government program investing taxpayer dollars in building a nationwide road system that helped America to grow and be unparalleled in its strength compared to any other nation in the world. That was a President Eisenhower program.

The truth is that today we are falling further and further behind other nations in terms of our investment in the infrastructure of the future. The United States is spending less than 2 percent of its GDP on infrastructure. Compare that. China is spending 9 percent of GDP on infrastructure. Europe is spending 5 percent of GDP on infrastructure. They have trains and airports and other things that work and get people where they want to go faster than our trains.

We are looking at a country now that has about a \$2.2 trillion deficit in the infrastructure of our Nation. We have 69,000-plus bridges that are structurally deficient. We need to invest in them so they don't fall down like the bridge in Minnesota. We need to invest in our airport structures so we don't have airport delays or potential of collisions in our aircraft.

According to one study, \$1 billion in investment in infrastructure results in 18,000 jobs. So at a time when America is begging for more jobs, why would we not be investing in infrastructure in this country? You go to Germany or Brazil, and they are investing huge amounts in their future, and right now both countries are threatening to leave the United States behind with respect to alternative and clean energy investments of the future.

Millions of Americans know we can do a lot better. Frankly, in the 1980s you couldn't find three more ideologically different people than Tip O'Neill, Bob Dole, and Ronald Reagan, but they put politics aside and they saved Social Security. And they didn't capitulate. They compromised. They found common ground. They did it because they knew America's future was more important than either party.

I often hear my colleagues on the other side of the aisle only talking about the spending problems of the country.

Madam President, may I ask how much time I have used?

The PRESIDING OFFICER. The Senator has used 14 minutes.

Mr. KERRY. I thank the Chair.

I often hear my colleagues talking about the spending problem. What they forget about is we had a surplus we created in the 1990s by making the tough decisions. We invested in the future of our country, and we created 23 million new jobs. And in the 1990s, when we balanced the budget—let's not forget that. Some of us were here and made those tough votes, and we balanced the budget, and we created 23 million jobs. Every income level in America went up—every single income level—and we did it at a time when the total rela-

tionship of spending-to-GDP was exactly where many of us believe we ought to take it today, somewhere around 21 or 22 percent.

The fact is that it was President Bush's tax cuts for the wealthiest Americans that we couldn't afford and a war that he refused to pay for in Afghanistan and then Iraq—both wars totaling approximately \$2 trillion. The tax cuts and the wars account for approximately \$7 trillion in deficits in 2009 and going forward.

The facts are clear. The tax cuts President Bush put in place contributed to the deficit, and the revenues have to be addressed if we are going to go forward and deal with this. Federal revenues today—the money the government takes in—is at its lowest level since 1950. We have had a 60-percent reduction in revenue and a 60-percent increase in expenditures, and right now we are at the lowest level of revenue taken in that we have been at since the 1950s, and they are only about 14 percent of the total GDP. The fact is that the last five times we balanced the budget, those revenues were about 19 or 20 percent of GDP. So here we are at 14 percent, we have balanced the budget five times previously, and the revenues were at about 19.5 to 20 percent of GDP. Doesn't that tell us something?

There is another problem we have. It is right here on my desk. We have a Tax Code. The Tax Code has 8 volumes, over 72,500 pages. This is the Internal Revenue Code, 4,052 pages. I would ask any American, do you have your own page in this Tax Code? How many Americans have their own page in this Tax Code? Well, I have got news for you: 72,500 entities—a lot of businesses—have found a way to get their little break in the Tax Code.

Last month, the Senate, by a vote of 73 to 27, sent a clear signal that we ought to start looking at some of these subsidies. This entire Tax Code is riddled with special deals which lobbyists have worked against the interests of average Americans in most cases. Let me give you a couple of examples.

Section 168 in this Code has a special rule for racehorse depreciation. How many folks in America are worried about their racehorse today and the depreciation on it? But they have a provision in here that allows the depreciation of racehorses to go from 7 years to 3 years, and the difference of 7 years to 3 years costs the average American money. The average American is supporting that because it is a foregone revenue. We are giving away the revenue, and we are giving it back to somebody who doesn't fundamentally need it.

The Tax Code includes a definition of 3-year property. Get this: any horse other than a racehorse which is more than 12 years old at the time it is placed in service. I mean, who writes this stuff? Where does this come from? Not only is that a waste of taxpayer money, it makes the Tax Code more complex, and it requires more regulations and more confusion.

A lot of tax lawyers love these eight volumes, but the average American ought to be furious at these volumes because these volumes are stealing America's opportunities in a host of other choices we could be making, such as education, investment in energy, energy independence, taking care of our veterans—doing a whole bunch of things that are substitutes for some of the choices that are made.

Let me give a couple of other examples. Here is a provision. It is included in one of the regulations.

On April 2000, E acquires a horse to be used in E thoroughbred racing. On October 1, 2003, F buys the horse from E and will use the horse in F's horse breeding business. The use of the horse by E in its racing business prevents the original use of the horse from commencing with F. Thus F's purchase price of the horse does not qualify for the additional first year depreciation deduction.

How ridiculous can it get that we are getting into specific cases like that which run contrary to the common sense of average Americans? One has to be able to afford a lobbyist to be on one of these pages.

Last year, more than \$3.5 billion was spent on lobbying in Washington, DC. There are more than 13,000 lobbyists trying to influence the legislation in Washington. Believe me, it works. Look at the last 50 years.

Back in 2004 we passed a bill which the New York Times described as including "goodies for almost every kind of corporation" and that "perhaps the most amazing provision might be called the foreign gambler relief act."

Under prior law, if a person is lucky and they win big at the horse or dog track, their winnings are subject to a withholding tax. It is kind of logical. But now foreigners do not have to pay tax on their winnings. They found a lobbyist and they got it in the Tax Code and we passed it somehow.

Section 872 of the Tax Code excludes from gross income, "income derived from wagering transactions in certain parimutuel pools." It specifically says, "gross income derived by a nonresident alien individual from a legal wagering transaction initiated outside the United States in a parimutuel pool with respect to a live horse race or dog race in the United States."

Until I read this I was not absolutely certain what a parimutuel pool was, but I do know a provision like that does not get in here without lobbying. It comes at the expense of a lot of other choices because the problem is all these breaks—whether it is subsidies for oil or subsidies for gas exploration—which made sense 60 and 70 years ago, but here we are with record profits coming into these companies, \$35 billion of profit just for the last quarter, 3 months. Yet they get a break. That break comes at the expense of average folks having the school they deserve, having the road they want to ride on properly, and having decent public transportation. Those are the choices and those are some of the things for which we are fighting.



Not only are lobbyists arguing for tax breaks, highly skilled tax lawyers have a history of finding looping holes for corporations to exploit. We use to have a provision in the Tax Code which was finally eliminated that provided a tax credit for synthetic fuels for coal. I found this process questionable and one company admitted it was profitable just because of this tax credit. Some firms getting this credit were simply spraying newly mined coal with diesel fuel or some other substance. We need to work together to find these type of provisions and remove them.

If there is a loophole, someone will find a way through it. I think we all remember how one oil company was getting a tax credit for co-processing animal fat with biodiesel from biomass. We shut that one down but other loopholes have opened.

Last year, we thought that we had seen the end of the "black liquor boondoggle." Paper mills were using a mixture of diesel fuel and a byproduct of the pulping process as an energy source for the mill. The intended purpose of this credit is to produce motor fuels from biomass. These companies were getting a windfall that was never intended. I am now hearing that some companies are still finding a way to benefit from black liquor. I have also heard that some are trying to benefit from this same credit for alternative fuels by adding cow waste and other waste to diesel fuel. This was not the intended purpose of this provision. In past Congresses, I have introduced line-item veto legislation which included tax benefits. These are abuses that we can all agree to end.

For years, we have been trying to repeal subsidies for major oil companies. Just last month, we failed to eliminate \$2 billion a year in tax incentives for oil companies. These incentives are no longer needed. We needed to jointly review the Tax Code and remove the deadwood. Some subsidies are no longer needed. And some are completely necessary. The Tax Code has become riddled with special interests. Over the past 25 years, Congress has introduced billions of dollars of worth of special tax breaks, loopholes and subsidies into the Tax Code—making total tax expenditures now exceed \$1 trillion.

With the future of our country at stake we have to decide if we want to care for our elderly and educate our children or provide tax breaks for those who do not need them. Would we rather invest infrastructure or allow race horse owners a shorter period to depreciate their horse?

As we consider legislation to increase our debt limit, our colleagues in the minority refuse to even discuss eliminating any of the tax expenditures that these lobbyists have helped enact into law. Not one permanent tax expenditures. I guess they prefer to increase the spending cuts that hurt low and moderate-income families.

I think we need to review the \$1 trillion in expenditures and decide what is

really needed instead of slashing programs which will weaken our economy. It is time for us in Congress to stop falling prey to corporate lobbyists and stand up for our future. To reduce the deficit we need to make hard choices and we should not be afraid of saying "no." If we do not start eliminating tax expenditures, we will not be able to reduce the deficit without gutting Medicare or Medicaid.

We hear a lot about the Ryan budget, but make no mistake: the House passed budget does not eliminate the deficit. It just makes a series of spending cuts to provide tax cuts to those at the very top even greater than the existing 2001/2003 tax cuts.

And Chairman RYAN may call his budget the "Path to Prosperity," but that is not where its path would take our seniors. At least two-thirds of the over \$4 trillion in budget cuts come from programs serving those of modest means. To be clear, the House budget is not about reducing the debt. It is about putting in place Republican priorities—increasing tax cuts for the wealthy and slashing social programs that people depend on.

We should examine all spending and not leave defense spending off the table. For example, we should be cutting programs like the Medium Extended Air Defense System, MEADS, which had a budget request of \$406 million for fiscal year 2012 but the Pentagon said was running over schedule and running over cost. Or the F-22 raptor fighter jet, which in 2009 we were able to cut \$1,750,000,000 in procurement funds of a plane that was costing too much money and wasn't appropriate for the 21st century wars we are engaged in. We should aggressively go after fraud and abuse, eliminate erroneous payments to health providers, and better coordinate health care for people who receive both Medicare and Medicaid. These dual eligible beneficiaries account for only 15 percent of Medicaid enrollment but constitute nearly 40 percent of Medicaid spending.

Instead of digging more ideological trenches, we should look at the last time we actually achieved a path to fiscal stability. The bipartisan 1990 budget agreement included discretionary caps and revenue increases. It was a real compromise that looked at both sides of our budget equation. And in January of 2001, the Congressional Budget Office projected that the debt would be erased by 2006 and that by 2011, there would be a \$2.3 trillion surplus.

Yet somehow, in the years since this real bipartisan success, too many people in this building seem to have forgotten that there are two sides of the budget ledger.

Just look at the balanced budget amendment House and Senate Republican leaders proposed. It caps Federal spending in any fiscal year at a completely unrealistic 18 percent of GDP. It wouldn't just result in unthinkable cuts to Social Security, Medicare, and

Medicaid; it would also impose arbitrary limits on the Federal Government's ability to respond to the recession. So the recession could be deepened by increasing the number of unemployed, decreasing business investment, and withholding services needed to jump-start the economy. And yet this same proposal would require a two-thirds vote to increase revenues, making it nearly impossible to eliminate wasteful tax loopholes or unnecessary tax giveaways.

So let's be realistic. We need to set ourselves on a course to rein in deficits and debt. No one disputes it. To do this, the budget negotiations should include a budget enforcement mechanism—and it can't result in a sequestration of spending only; if a budget enforcement mechanism only focuses on spending cuts, we are only addressing part of the problem. It would slash essential programs while ignoring revenues. That is simply not a responsible long-term budget solution, and it would never get bipartisan support.

For an enforcement mechanism to work, both sides should not want the trigger to occur. We shouldn't be hoping for automatic spending tax cuts or increased revenues. A tough budget enforcement mechanism will force us to make difficult choices, both substantively and politically.

It is time to end the polarization over how to resolve our budget crisis. We can't hide behind global spending caps, unrealistic constitutional amendments, or pledges vowing opposition to tax increases. The cuts that would be required to meet the spending targets of a cap would have to be as drastic as or even worse than proposals included in the House-passed budget resolution.

Spending for Social Security, Medicare, and Medicaid are driven by factors beyond the programs' control. Under spending caps, their percentage cuts would be bigger than the percentage cut in discretionary programs and they would be subject to automatic large cuts.

We need to think hard about what is fair in America. The only tax President Obama or we Democrats have talked about is on the wealthiest people. Millionaires. People who earn more than \$1 million a year. That is about 7,000-plus lucky families and individuals in the United States. All we are doing is talking about asking those who benefit enormously from the strength of our economy and the strength of our military and all the things we need to do—we are just asking them is it too much to go from 36.9 percent up to 39.6 percent, which is where they were in the year 2000, before President Bush gave them a tax cut we could not pay for.

It is not as if they have done badly these last 10 years. The fact is, more wealth has been accumulated in the hands of the smallest part of America, the top 1 percent, than at any time in America's history. The wealthy are far wealthier than when we had no income tax and when we had the great names

of the 1920s and 1930s and the industrial revolution: Pierponts, Morgans, Carnegies, Mellons, Rockefellers, and so forth. They are much wealthier today. Yet they are paying far less of their share than at any time in modern history.

Here we are with a deficit problem. They are talking about cutting Medicaid. They are talking about cutting Medicare. They are talking about cutting education loans, making it more expensive for kids to go to college—the one thing we desperately need in order to compete with the rest of the world, people who have a college education. I do not hear anybody in America saying make it harder for my kid to go to college, but that is what they are doing in their budget. That is exactly what they are doing. But they stand up adamantly and say: No way will we allow people earning more than \$1 million a year to pay anything additional into the system. It is just wrong. It is morally wrong. It is repugnant in this country we are condoning the institutionalization of a larger and larger gap between the haves and the have-nots, between the people who have already gotten their brass rings and the people who are trying to reach it. That is not the American story. I believe we need to fight to have a balanced approach.

President Obama and the Democratic proposals I have seen and we have talked about—and I hope people will hear more about in the next days—give a tax cut to about 98 percent of America. The only people we are talking about asking to kick in and give us some more revenue are people earning the most.

If a person is earning \$500,000 a year, they would not pay any additional tax on their first \$250,000. On the next \$250,000 all they would pay is \$12,000 of additional tax. Let me ask—no, I will say I know this. There is not one business person, there is not one millionaire for whom \$12,000 will change one consumer purchase, one decision of investment—not one. All this talk about how it will slow down the economy or hurt America is just bunk. It is not true.

We need to have a real discussion. We need to have a real effort that I think matches the greatness of this institution with this moment. This can be the world's greatest deliberative body, but we need to put all of these issues on the table. We need to debate them openly. We need to have the courage of our convictions and vote up or down and do what is needed to put our country on track because right now we are losing countless investment opportunities, countless job opportunities. If we do not make the right choices we are going to have a very difficult time living up to the promise all of us hope to live up to in our time in this office.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Madam President, I ask unanimous consent for 15 minutes to address this body as in morning business.

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

Mr. MCCAIN. Madam President, it is well known to all Americans who have observed, and certainly the media and certainly Members of this body, the Congress, that the debt limit talks are bogged down. There has been little if any progress, certainly not any perceptible to the American people. We are in a gridlock, a gridlock that is not favored by many Americans. In fact, I continue to hear from my constituents the call: Why can't you all sit down and work this out? Why can't we not be faced with a shutdown of the government and the loss of the important services that the Federal Government gives to the American people—most of which they have earned and all of which they deserve?

Here we are with the President of the United States demanding that there be tax increases and the Republicans, certainly many of them, are insisting on a balanced budget amendment which cannot pass the Congress of the United States.

On the one hand, President Obama and my friends on the other side of the aisle insist on tax increases and argue somewhat inflammatory and populist issues such as corporate jets, carried interest for private equity, oil and gas. Those are hard to defend.

At the same time it is very clear that the American people spoke and administered what the President of the United States called a “shellacking” last November. They want us to stop mortgaging our children's and our grandchildren's future and get the spending under control. I have yet to meet a constituent who wants their taxes increased.

We are in a gridlock. There will be a meeting tomorrow on the debt crisis again, this time between the President and leaders of Congress. We all hope it will succeed, but it is my view the way to break this gridlock is to agree to certain tax increases and closing loopholes, but only in return for an overall reduction of the corporate tax rate. That way, Republicans can say we have not raised taxes overall, and the administration and the Democrats can say they eliminated loopholes and indeed made the taxation of Americans more fair.

It is time we got serious. The debt, as we all know, is \$50,000 for every man, woman, and child living in America today. That is why we have seen the rise of the Tea Party and the fiscal conservatives. I hope these negotiations can be made visible to the American public by C-SPAN so they can see what is being discussed.

As I said, the debt stands at \$14.5 trillion. We cannot continue to sit idly by while saddling future generations of Americans with the burden. So if we are serious about our commitment to reduce our debt and eliminate the deficit, then Congress needs to start making some serious decisions, and we need to start now.

I would like to remind my colleagues, particularly in light of the impassioned speech I just listened to from my friend from Massachusetts, here is what President Obama's thoughts on the debt limit were in 2006 when he was a Member of this body. I quote him from a speech he made on the floor of this Senate:

The fact we are here today to debate raising America's debt limit is a sign of leadership failure. It is a sign that the U.S. Government cannot pay its own bills. It is a sign that we now depend on ongoing financial assistance from foreign countries to finance our Government's reckless fiscal policies. . . . Increasing America's debt weakens us domestically and internationally. Leadership means that “the buck stops here.” Instead, Washington is shifting the burden of bad choices today onto the backs of our children and grandchildren. America has a debt problem and a failure of leadership. Americans deserve better.

Then-Senator Barack Obama on the floor of this Senate.

I guess it shows on some issues with then-Senator Barack Obama it is not where one stands, it is where one sits. I could not agree more with what then-Senator Obama said in 2006. Americans do deserve better. We are in this mess today because of a serious lack of leadership. It is not the fault of just one of the political parties; it is the fault of both parties. Year after year of uncontrolled spending by both Republicans and Democrats has brought us to the brink of bankruptcy. The point at which we will begin to default on our obligations is now just weeks away, and it is shameful. It should be inconceivable that the greatest Nation in the history of the world should face such crippling debt while its leaders engage in such partisan bickering instead of solving this problem.

I would like to bring to the attention of my colleagues the lead editorial in today's Wall Street Journal, which I believe holds the answer to this stalemate.

Madam President, I ask unanimous consent that today's editorial in the Wall Street Journal entitled “A Debt-Limit Breakout” be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, July 5, 2011]

#### A DEBT-LIMIT BREAKOUT

The debt-limit talks in Washington are bogged down in the hedgerows, with some Republicans insisting on a balanced budget amendment that can't pass Congress and President Obama insisting on tax increases that Republicans oppose. What this debate needs is a breakout strategy—to wit, Republicans should answer Mr. Obama's tax call by accepting his business tax increases in return for a lower corporate tax rate.

We've long favored such a reform, and last year so did the Simpson-Bowles deficit commission and the White House economic advisory council headed by Paul Volcker. But the cause has now acquired no less a convert than Bill Clinton. Speaking Saturday at something called the Aspen Ideas Festival, the former President admitted that he had once raised tax rates on corporations.

"It made sense when I did it. It doesn't make sense anymore. We've got an uncompetitive rate," he said. "We tax at 35% of income, although we only take about 23%. So we should cut the rate to 25%, or whatever's competitive, and eliminate a lot of the deductions so that we still get a fair amount, and there's not so much variance in what the corporations pay."

We opposed Mr. Clinton's tax increases, not least because corporations don't pay taxes so much as they serve as a collecting agent. But on the rest of Mr. Clinton's riff, Milton Friedman and Robert Mundell couldn't have put it better, though perhaps they'd think that 25% is still too high.

We'd prefer 15% ourselves, but Mr. Clinton is exactly right on the failure of the 35% rate (39% on average including the states) to capture that share of corporate income in government revenue. We wrote earlier this year about Whirlpool, which had an effective tax rate of zero due to its many write-offs. Everyone knows the notorious case of GE.

The average effective corporate rate varies by industry but is far less than the 35% rate, and the injustice is that some pay much less than others if they can afford lobbyists to write loopholes or they invest in politically correct purposes. Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised. Mr. Obama and Treasury Secretary Tim Geithner have acknowledged this in the past, the President as recently as this year's State of the Union address.

As for the debt-limit politics, this is also a winner. Democrats and Republicans say they've agreed privately on sizable spending cuts over a 10-year budget window. No doubt some of those cuts are less real than others, and future Congresses could rewrite any enforcement provisions passed this year. But Republicans still have an incentive to set spending on a downward path, and Mr. Obama has an incentive to show he is no longer a hostage of Nancy Pelosi as he runs for re-election.

The political sticking point is Mr. Obama's desire for some Republican buy-in on raising revenues. His political left is still sore that he agreed to extend the Bush tax rates through 2012. Thus he's pounding Republicans to agree to eliminate certain business tax deductions that political advisers David Axelrod and David Plouffe have told him will be hard for Republicans to defend. Corporate jets. Carried interest for private equity. Oil and gas. Even LIFO accounting, which few understand but can be made to sound nefarious.

Whatever their individual merits, each of these would be a tax increase on business, and Republicans campaigned last year on not raising taxes. But the politics is different if they can offset these revenue raisers with lower tax rates. That would let Republicans honestly claim they didn't support a net tax increase, even as Mr. Obama could say he raised revenue.

Our own guess is that such a reform would raise far more money than the official scorers would predict, since it would lead to a more efficient allocation of capital and less tax evasion. This would also promote economic growth, breaking out of the austerity mentality driven by debt reduction. If Mr. Obama really is worried that lower federal spending will hurt the economy, then this tax reform is also his best growth policy.

In offering his grand bargain on Saturday, Mr. Clinton included the caveat of "how can they do that by August 2?" Mr. Geithner says that is the date when he can no longer finagle federal finances to escape a potential

default on the debt, or must at least cut some federal spending, to avoid breaching the \$14.3 trillion debt limit.

But where there's political self-interest there's always a way. Both sides could agree to a short-term debt-limit reprieve of a month or two with some spending cuts that everyone agrees on. That would give them more time to cut a larger deal that includes corporate tax reform.

Think about it. On the current path both sides are headed at best for a de minimis deal that makes everyone look bad, at worst for a major political crack-up. Perhaps Mr. Obama wants a crack-up to portray Republicans as extreme. But Republicans should at least call his bluff and answer his demands for fewer business tax deductions by saying yes—in return for lower tax rates.

Mr. MCCAIN. I quote from it:

The debt-limit talks in Washington are bogged down in the hedgerows, with some Republicans insisting on a balanced budget amendment that can't pass Congress and President Obama insisting on tax increases that Republicans oppose. What this debate needs is a breakout strategy—to wit, Republicans should answer Mr. Obama's tax call by accepting his business tax increases in return for a lower corporate tax rate.

The Wall Street Journal goes on to say:

We've long favored such a reform, and last year so did the Simpson-Bowles deficit commission and the White House economic advisory council headed by Paul Volcker. But the cause has now acquired no less a convert than Bill Clinton. Speaking Saturday at something called the Aspen Ideas Festival, the former President admitted that he had once raised tax rates on corporations.

"It made sense when I did it. It doesn't make sense anymore. We've got an uncompetitive rate," he said. "We tax at 35% of income, although we only take about 23%. So we should cut the rate to 25%, or whatever's competitive, and eliminate a lot of the deductions so that we still get a fair amount, and there's not so much variance in what the corporations pay."

The editorial goes on to say:

Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised. Mr. Obama and Treasury Secretary Tim Geithner have acknowledged this in the past, the President as recently as this year's State of the Union address.

As for the debt-limit politics, this is also a winner. Democrats and Republicans say they've agreed privately on sizable spending cuts over a 10-year budget window. No doubt some of those cuts are less real than others, and future Congresses could rewrite any enforcement provisions passed this year. But Republicans still have an incentive to set spending on a downward path, and Mr. Obama has an incentive to show he is no longer a hostage of Nancy Pelosi as he runs for re-election.

The political sticking point is Mr. Obama's desire for some Republican buy-in on raising revenues. His political left is still sore that he agreed to extend the Bush tax rates through 2012. Thus he's pounding Republicans to agree to eliminate certain business tax deductions that political advisers David Axelrod and David Plouffe have told him will be hard for Republicans to defend. Corporate jets. Carried interest for private equity. Oil and gas. Even LIFO accounting, which few understand but can be made to sound nefarious.

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and Republicans campaigned last year on not raising taxes. But the politics is different if they can offset these revenue raisers with lower tax rates. That would let Republicans honestly claim they didn't support a net tax increase, even as Mr. Obama could say he raised revenue.

Our own guess is that such a reform would raise far more money than the official scorers would predict, since it would lead to a more efficient allocation of capital and less tax evasion. This would also promote economic growth, breaking out of the austerity mentality driven by debt reduction. If Mr. Obama really is worried that lower federal spending will hurt the economy, then this tax reform is also his best growth policy.

The Journal argues that we can offset the costs to businesses of closing loopholes and eliminating subsidies with a cut in the corporate tax rate. I completely agree. We should be open-minded when considering what should be eliminated. For instance, the distorting effect of subsidies is clearly evident in the energy sector. We should eliminate these subsidies, lower the corporate tax rate, and allow the marketplace to pick winners and losers, not the government.

The ethanol tax is a perfect example. This year the ethanol tax credit cost taxpayers almost \$6 billion in addition to the \$41.2 billion we have already spent in subsidies on ethanol since 1980.

A recent CRS, Congressional Research Service, report indicates that tax credits and subsidies for solar, wind, and geothermal power will cost \$8.6 billion from 2008 to 2012. For the oil and gas industry, the eight tax breaks recommended for elimination by President Obama would eliminate \$43.6 billion in spending over 10 years. The largest among these tax breaks is the section 199 manufacturing tax subsidies that will cost approximately \$18 billion over 10 years. We should eliminate the section 199 tax subsidies for all industries to avoid arbitrarily picking winners and losers. Why should we value manufacturing over other service providers?

Additionally, we should eliminate all agricultural subsidies, including sugar programs, end corporate welfare, and end tax breaks for corporations for things such as corporate jets. We need to put aside the rhetoric of corporate jets, which is just a poll-tested political phrase concocted behind one-way mirrors. Everyone knows eliminating all tax breaks on corporate jets would not amount to any real progress, but if we seriously looked at curbing corporate subsidies, such as the ethanol subsidy I just mentioned, then all Americans would benefit.

I feel the need to provide my colleagues with some straight talk. As the Journal notes, some of my Republican colleagues are "insisting on a balanced budget amendment that can't pass Congress." Let me be clear—I am an avid supporter of a balanced budget amendment to the Constitution. Since 1983, I have introduced or cosponsored more than a dozen bills or amendments calling for a balanced budget amendment, and I have had the privilege of

voting in favor of a balanced budget amendment to the Constitution no less than 13 times in my Congressional career. I applaud my colleagues for their tireless dedication to this cause. But our reality today dictates that we do not have the votes in this body to enact such a measure. Perhaps that will change after next year. I hope so. But for our purposes today, in order to avoid what could be disastrous consequences for our markets, our economy as a whole, and our standing in the world, I encourage my colleagues to lay aside, at least temporarily, their insistence that amending the Constitution be a condition of their support for a solution to this terrible problem.

The Wall Street Journal editorial ends with this:

Think about it. On the current path both sides are headed at best for a de minimis deal that makes everyone look bad, at worst for a major political crack-up. Perhaps Mr. Obama wants a crack-up to portray Republicans as extreme.

As my colleague from Massachusetts just did.

But Republicans should at least call his bluff and answer his demands for fewer business tax deductions by saying yes—in return for lower tax rates.

I couldn't agree more with the Wall Street Journal. This debate desperately needs a breakout strategy. I am pleased to see that President Clinton has joined the Wall Street Journal in embracing a commonsense solution to this problem. I hope President Obama will follow former President Clinton's lead and the example set by the great Ronald Reagan and put aside politics, work with the Congress on this matter, and accept a compromise that will allow us to responsibly deal with our debt while creating jobs and spurring economic growth.

I would like to point out again:

The average effective corporate rate varies by industry but is far less than the 35 percent rate, and the injustice is that some pay much less than others if they can afford lobbyists to write loopholes or they invest in politically correct purposes. Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised.

So the fact is, the corporate Tax Code needs to be reformed anyway, and we need to cut it to 25 percent. It is either the first or the second highest tax rate in the world. Yet somehow major corporations such as Whirlpool and GE end up paying no taxes, but yet small businesspeople who can't afford a lobbyist here in Washington end up paying the 35-percent rates if they are incorporated. It is time we tell the American people who are frustrated by our lack of leadership, by our failure to come together. It is time to end the rhetoric, fulfill the commitment we made to the American people last November who resoundingly sent the message that they want the spending cut and the mortgaging of our children's future stopped. This is a reasonable

proposal that I believe, with spending cuts, can be a breakthrough that we can proudly return to our constituents and say we are taking care of them, not the special interests and not hide-bound ideology.

I yield the floor.

Mr. UDALL of Colorado. Madam President.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. UDALL of Colorado. I ask unanimous consent that the time of the debate of the previous order be extended until 7 p.m., with all the provisions of the previous order remaining in effect.

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

Mr. UDALL of Colorado. I ask unanimous consent I be able to speak for 15 minutes as in morning business and that Senator COONS be allowed to speak as in morning business for 10 minutes.

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

Mr. UDALL of Colorado. Madam President, I believe we may be in a situation where we are exchanging speeches one side and the other. May I withdraw my unanimous consent request for Senator COONS?

The PRESIDING OFFICER. The consent is vitiated.

Mr. UDALL of Colorado. Madam President, I came to the floor to deliver a speech on the debt ceiling and all the activity surrounding the need to increase our debt ceiling, but I took the time to listen to Senator MCCAIN while I was here, and I have to say I agree with Senator MCCAIN. We need a breakout strategy. We need cooler heads to prevail, and I think many, if not all, of us can agree our tax system is overly complex. It ought to be simplified. We ought to lower rates. We ought to end the loopholes and the subsidies and the deductions and let the free market reign. I look forward to working with the Senator from Arizona as we, hopefully—and hope sometimes is a strategy—but we get a broad agreement, we go big. We deal with our debt, we strengthen our entitlement programs, we reduce spending, and find ways to generate more revenues.

I thank the Senator from Arizona for his comments.

I rise, as I just implied, because I think the fiscal challenges that confront us demand a bipartisan solution. Both parties approach the issues before us from very different points of view, but time is truly running out on our Nation's structural deficits and our long-term debt and the need for us to address those. I want leaders in both parties to show genuine commitment to action. How about if we set aside our talking points so we can get some work done. If any other Members believe the solution to our deficit and debt demands comprehensive and bipartisan solution such as the fiscal commission or the Gang of 6, I would invite them to come down to the floor and let our colleagues know we are clearly racing to-

ward a crisis that seems like we can't let go of the partisanship and the political posturing that creates gridlock in the Capital City of Washington. It sure strikes me as childish. I think it strikes many Americans and Coloradans as that way as well.

We are more broadly having this debate because the time is upon us to decide the economic future of our country. Yes, we have to raise the national debt, but this is about our economic future, and this is the country we inherited by our children and grandchildren. Quite simply, we are not going to win the global economic race of this 21st century unless we start taking action now to improve our economy, grow American jobs, and get our debt under control. With these challenges, as large as they are facing us, this is the time to set aside our political differences and challenge ourselves to put our country first.

A few basic facts focus the attention. Our national debt is \$14 trillion and it is growing. Today, each citizen's share of that debt is over \$46,000 per individual. If we remain on this path, which is irresponsible, there is no question about that. The Government Accountability Office projects that by 2050, our Nation could owe more interest on our debt than the Federal Government raises in taxes in a given year, and our sky-rocketing debt is not only spooking international markets, but it is a serious threat to our national security. Listen to Secretary of Defense Gates or Chairman of the Joint Chiefs Admiral Mullen, they will make that point in a compelling fashion. Look, we got here in ways that are not simple. But unquestionably two unpaid-for wars, two rounds of massive tax cuts, unpaid-for prescription drug benefits, and drastic rescue measures needed to address the most serious economic downturn since the Great Depression have all contributed to the current situation.

The solutions are even more difficult. While we may disagree about the path forward, I think we all know in our hearts that we cannot get to a solution unless we all agree to come to the negotiating table willing to compromise to ensure that our country, the United States—the largest economy in the world—can honor our bills and begin to pay down our debts. That is the challenge, that is the problem, that is the opportunity, as I see it, that brings us to the Senate floor today.

We began this year with serious and, I believe, earnest conversations about this in not one but two groups of lawmakers in the House and Senate. Yet, despite all the talk and a lot of hard work, rather than nearing an agreement, we seem to be coming to an impasse. In the last few weeks, the state of negotiations seems to have fallen apart, with key players choosing to walk away rather than compromise. We hit the same roadblock that always inhibits action when things get tough: Politics get in the way.

In fact, it seems as if everybody in the world except the Congress seems to know time is running out. Think back to April. Standard & Poor's cut the U.S. ratings outlook to "negative" due to the uncertainty over budget deficits and the debt ceiling. This month, Moody's piled on, warning that it too may downgrade the U.S. ratings outlook to "negative" as early as July—it is July 6—because of concern over gridlock in Washington.

I have to say the American people are running out of patience as well. Back home in Colorado, people are wondering what in the world we are doing in Washington. I was not up for reelection in 2010, but I was listening to what the voters were saying. They clearly said to us they want us focused on jobs, the economy, and the debt. And they want us to work together.

Consider the direction I got recently from Curt, who is a constituent in Arvada, CO. He wrote:

I am counting on you to put the interests of everyday Americans above party politics and join your legislative colleagues on both sides of the aisle in finding sensible solutions to our long-term national debt problem.

Many more Coloradans have sent me similar messages. I got one from a Boy Scout, David, in Evergreen, CO, whose words were stronger than mine. He said:

I think the United States government should stop spending unnecessary money. We should first focus on what is necessary. . . . It is amazing how much money our country owes. It is constantly going up! I just looked at information about the United States debt clock, and I think this debt is way too high. People in the federal government in Washington D.C., are spending money as if they had all the money in the world.

David, if you are listening, I agree.

No question, Americans want quality roads, a safety net for the sick and elderly, and strong investments in education and research that will spur innovation and good-paying jobs. But we need to commit to ensuring we have the financial stability to pay for them.

For too long, the American people have collectively been told by us here in Washington that they can have more of everything they want without us fully paying for it. But to preserve a promising future for our children—for Curt's children, for David—we are going to need to face up to some hard truths.

Fifty years ago, my father, former Arizona Congressman Mo Udall, supported what should only seem natural: tying spending directly to revenues. Let me give you a couple examples. If we want to give oil companies \$1 billion in tax subsidies, then let's raise taxes by \$1 billion to pay for them. The same thing, though, goes for overseas conflicts, agricultural subsidies, infrastructure, and, yes, even entitlements.

Coloradans from across my home State have told me they want to see their leaders try using some common sense—the kind of common sense Americans use when they are faced with the hard job of balancing their own budgets when money is tight.

As a Senator, I have successfully led the fight to end wasteful earmark spending, proposed measures to cut redundant government programs, demanded line-item veto authority for the President, and, yes, pushed—and I see my colleagues from the other side of the aisle here—for a very sensible balanced budget amendment to our U.S. Constitution. But these measures only serve as tools to get Washington to clean up its act, and that is not enough. We need to suck up our courage and actually make the tough budgeting decisions.

If we are going to get anywhere, we have to realize we all have skin in the game and we have to check ultimatums at the door—especially on issues such as Social Security and taxes. The challenge facing us is so great we cannot afford to let partisanship or electioneering get in the way—and both parties are guilty.

For example, we cannot seriously address debt reduction without looking at Social Security. If we do nothing, by 2036, Social Security benefits will have to be cut by 20 percent. Congress will undoubtedly be under enormous pressure to fill in that hole in lieu of telling seniors their benefit checks would be reduced. To say Social Security—when you look at it that way—must be divorced from deficit reduction, as many Democrats do, is to ignore the problem.

In a similar vein, it is unrealistic to maintain, as my Republican colleagues do, that raising revenues cannot be a part of the deficit and debt reduction equation. We should all be honest enough to admit a simple fact: No amount of spending cuts alone will reduce our deficits without unreasonably harming Social Security and Medicare. For some to say that revenues should not be part of the deficit reduction picture is either a sign that they are not serious about getting our debt situation under control or they are being disingenuous about the dangerous implications spending cuts alone would have on our hard-working constituents who rely on these important programs.

What is so agonizing about the last 6 months is that we have a bipartisan solution in front of us, one that I know—I don't just believe but I know—would responsibly reduce our debt while also allowing the economy to grow and protect our middle class.

In December 2009, I know the Presiding Officer and I, along with a number of other Senators, pushed for the creation of the President's National Commission on Fiscal Responsibility and Reform, which was then chaired by Erskine Bowles, a North Carolinian, and Alan Simpson, a Wyoming resident. They did an exhaustive study of what it would take to get our debt under control, and last year they delivered a report on how to reduce the debt by over \$4 trillion in the next decade and bend the curve back to a much more sustainable Federal budget situation. They comprehensively addressed

all of the issues that must be on the table; namely, spending cuts, reasonable entitlement reform, and some new revenues. The plan has already received bipartisan support, including from Senators of each party who were members of the commission. Rather than arguing, we could be acting on these recommendations. And, look, if we do not want to follow those exact recommendations, let's all at least agree that everything must be on the table in these ongoing debt discussions.

Many of us here simply want to roll up our sleeves and get to work. I see some of my colleagues on the other side of the aisle. I know they share that sentiment, even if our leaderships in both parties are demanding that we be quiet. But I think we can all focus our attention on a sensible, bipartisan plan, work together, and pass it into law before our national credit rating is downgraded and we damage our chances of winning the global economic race.

The Presiding Officer knows, my colleagues know, I am not a particularly dramatic person. But I have to tell you, I believe that nothing less than the fate of the U.S. economy hangs in the balance, and I am certainly willing to stay here day and night, weekends and holidays, in Washington, DC, to help put a plan in motion.

Madam President, thank you for your attention.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Delaware.

MR. COONS. Madam President, I rise to follow the comments of my colleague from Colorado, and I appreciate the forbearance of my colleagues from Florida and New Hampshire.

I simply want to follow on the comments of the Senator from Colorado in emphasizing the sense of urgency, the sense of frustration and of deep concern I know many of us feel in the Senate of the United States.

On the Fourth of July, as I went up and down the State of Delaware to different parades and picnics and gatherings, I had the opportunity to meet with and talk to thousands of Delawareans. Over and over, I would go up to men who were wearing hats that showed they served, whether in the Korean war, the Vietnam war, the Second World War, and I thanked them for their service. Repeatedly, I would hear the same thing back: We have done our job. We hope you will do yours.

When I was elected in 2010 to serve in the Senate, I heard the same message from the folks across Delaware that I just heard Senator UDALL reflect from the people of Colorado: Help the private sector create good jobs, deal with the deficit and debt, and do it in a bipartisan and responsible way.

I am gravely concerned we are on the verge of the most predictable financial crisis in modern American history as we slowly grind toward the predicted default on America's mortgage on August 2.

Treasury Secretary Tim Geithner has warned us since the beginning of this year with a letter he sent to us on January 6, with repeated testimony in front of various committees of the Senate. We have gone well past the May 16 deadline, and the Department of the Treasury is now using extraordinary measures to prevent us from defaulting on America's commitments.

I have heard other analogies used, but they are mistaken. This is not about cutting up the credit cards or ending the blank check for our current President. This is about whether we will continue to meet the commitments America has already made, whether we will continue to make the payments that were already committed to for our troops in the field, for contractors who are providing military supplies and equipment, for our Federal workforce, and for all the different programs and benefits the Senator who spoke before me mentioned: Medicare, Medicaid, Social Security, and others.

We cannot afford the consequences of default. One study says we would lose 640,000 jobs—more than a half a million additional Americans needlessly thrown out of work because of a foolish game of chicken. The cost to home mortgages, to car loans, the daily cost of living, including for food and gas, would go up needlessly if we simply fail to uphold the tradition of meeting our commitments as a nation.

I am here to say today that we cannot afford to have America become a bad investment. The best thing we can do going forward is to restore certainty to our markets, to put some confidence back in the American economy, to make certain the international community continues to regard us as the safest and best investment in the world. The way to do that is to come together in a bipartisan way around a big deal, around \$4 trillion in savings, at least.

The Senator from Colorado went into some detail as to the bipartisan Debt and Deficit Commission, chaired by Erskine Bowles and Alan Simpson, the Democratic former Chief of Staff and the Republican former Senator from Wyoming, with the 11 members of that commission, including Members of this body, currently serving Senators, Republican and Democrat, who came together around a plan that would make \$4 trillion in savings over the next decade.

I think we should do no less than that. I think the plan we should be working on in detail now should include all four major areas where we have to have savings: reductions in discretionary domestic spending, reform to our entitlement programs, reductions in Pentagon spending, and increases in Federal revenue through tax reform. All four of these have to be on the table. In my view, our values ask no less than that.

As we work through a recovery, we need to continue to invest in education, in infrastructure, in innova-

tion. But we also need to responsibly put together a bipartisan path that will take on the sacred cows of this institution and of America's Tax Code.

Three weeks ago, we had more than 70 Senators cast votes to end the \$6 billion in needless annual ethanol subsidies. I hope that was an opening door toward a recognition that on both sides of the aisle and in both Chambers of this Congress we need to be willing to make the tough votes even though they will upset treasured constituencies, even though they will end up causing us potential political harm, to reduce reckless Federal spending, whether through the Tax Code or through unsustainable Federal programs.

In the end, I simply wanted to come to the floor today and add my voice to that of many of my colleagues on both sides of the aisle who are expressing our grave concern. As the clock ticks away and as the hours left to August 2 shrink, we need to come together.

What Americans have done for generations is sacrificed. What legislators need to do now is compromise. There are in front of us reasonable, solid, bipartisan proposals that have been available to us since March and that this body and our leadership need to be willing to make responsible compromises to make happen.

With that, I yield the floor.

The PRESIDING OFFICER (Mr. WHITEHOUSE.) The Senator from New Hampshire.

Ms. AYOTTE. Mr. President, I ask unanimous consent that I be permitted to enter into a colloquy with my Republican colleague Senator RUBIO for up to 20 minutes.

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

Ms. AYOTTE. Mr. President, it is an honor to be here with my esteemed colleague from Florida, Senator MARCO RUBIO. My husband Joe and I are blessed to be the parents of two wonderful children, our daughter Kate, who is 6 years old, and our son Jacob, who is 3 years old.

This Fourth of July we walked together as a family in the parade in Wolfeboro, NH. As I watched my children in the parade hand out candy to other New Hampshire children while they were standing with their parents, it reminded me again of why I am here and how concerned I am about the future of our country for Kate and Jacob and for all of our children.

As parents, we all want to provide our children with a brighter and at least the same if not greater opportunities we have all had in the greatest country on Earth. That is the American dream, that a young woman like me from a middle-class family can have the opportunity to serve in this Chamber; that someone like Senator RUBIO, the son of Cuban immigrants, could serve as a Senator from Florida, a leader of our great country who has come here to address our challenges.

I am fearful that we are the first generation that will not pass on the Amer-

ican dream to the next generation. With the accumulation of \$14 trillion in debt, we are borrowing 40 cents on the dollar to fund our government. Half of our debt we have borrowed from other countries, including the country of China, a country that does not share our values. I am concerned with the amount of debt we have accumulated, that if we do not address this debt crisis right here and now, we are ensuring our children will have less opportunities than we have all had.

We have seen what is happening in Greece. If we do not address our debt, with real, substantive legislative proposals, ideas we have already proposed in this Chamber, Members of both side of the aisle—the balanced budget amendment, spending cap legislation, how about a real budget resolution that reduces spending and puts forth a responsible fiscal plan for this country—we will be setting up our children to pay for our failure to act today with either massive tax increases or the value of our dollar will be diminished and everything they own will be worth less and everything that we own, and it will diminish their economic opportunities in this great country.

I know Senator RUBIO is the father of four young children. What is it the Senator is most concerned about with respect to the future of our great country?

Mr. RUBIO. Well, first I want to thank the Senator from New Hampshire for allowing me the opportunity to do this together because it is important. She brings a tremendous amount of credibility to this discussion. She is not just a mother and a Senator, but she is also a small business owner who has run a small business, been there on the front lines with her husband running a small business, who recently got off the campaign trail, as I did, and heard from job creators all across the State as to what they are talking about, and we are going to get back to that in a moment.

But as the Senator rightfully outlined, I am the father of four young children, four children whom I think deserve to inherit a country that is as great as the one my parents and their generation left us, and that is what we are debating here at the end of the day.

If you look at the numbers, they are absolutely startling. I think these numbers have been said before, but you cannot say them enough—\$14.3 trillion of debt. Trillion is not a number or a figure I have ever used in my life until I got to Washington. I do not know where else in the world that applies other than in the Congress, the term trillion—\$14.3 trillion is our debt.

Our kids already owe \$46,000. My oldest is only 11 and already owes \$46,000. Our total debt is about to reach the size of our entire economy. That is kind of the framework in which we are operating when we discuss this.

I actually think we are closer to some sort of an agreement than a lot of people realize. I have heard the term



thrown around in the last couple of days, “a balanced approach” to dealing with it. And I think there is agreement that there has to be a balanced approach. I certainly have always said you cannot simply cut your way out of this problem. You have to have a combination of cuts and growth, growth in revenues to government. I think the debate is—the debate is—how do you accomplish these two things. I am not going to focus so much on the cut part of it today. I want to focus on the revenue part of it, because that is the part the President and some of my colleagues here have focused on over the last days, this idea of getting more revenue, or this new term “revenue enhancers” which is Washington talk for more money to the government.

According to the President, for some in his party—most in his party, I should say—the idea is simple. They think there is a bunch of people out there in America who are making a lot of money, more money than maybe they should be making, and they need to pay more in taxes; if these people pay more in taxes, then all of these problems will get a lot easier to deal with. That is kind of the viewpoint they bring to this debate.

I know tomorrow we will be voting here on the floor on something the majority leader has offered, something called a sense of the Senate, which people watching at home are probably wondering what that is about. Well, that basically means what is on the Senate’s mind.

The sense of the Senate we are going to be voting on tomorrow is basically that you have a bunch of people in this country who make over \$1 million, and that these people need to do more to help with the debt. That is basically the sense of the Senate that there is going to be a vote on tomorrow. It is very interesting. So I looked at it, because ultimately this is a serious issue. So let’s explore this with an open mind. Let’s not be doctrinaire. Let’s not be blindly ideological. Let’s look at this from a commonsense perspective, this idea that if all of these millionaires and billionaires paid more taxes, these problems will be solved. Let’s analyze it, because this is all about math.

Here is the fact. The fact is it does not solve the problem. First of all, if you taxed these people at 100 percent—basically next year you said: Look, every penny you make next year the government is going to take from you—it still does not solve the debt.

Not only does that not solve the debt problem, but I looked at a host of other—there are some great publications that came out today from the Joint Economic Committee. Our colleague Senator DeMINT is the chairman. It kind of outlines some of the tax increases being proposed by our colleagues in the Democratic Party and the President to solve the debt problem.

You add them all up, you add all of these things up—the jet airplanes, the

oil companies, all the other things they have talked about. You put them all together in one big batch, and you know what it does? It basically deals with 9 days and 23 hours worth of deficit spending—9 days and 23 hours—it does not even get to 10 days of deficit spending. That is how much it solves.

So all of this talk about going after people who make all of this money, it buys you 9 days and 23 hours. Let’s round it off. Let’s give them the benefit of the doubt. It buys them 10 days of deficit spending reduction. That is what all of this rounds up to.

Here is the bottom line. These tax increases they are talking about, these so-called revenue enhancers, do not solve the problem. So what do we do then? Because clearly we have to do two things. One, we have to hold the line on spending. If you keep digging yourself in the hole, the hole is going to bury you. But the other thing is, how do you start generating revenue for government so it can start paying down this debt. That is what the debate should be about.

We already know these taxes they are talking do not work. So here is what works. Here is what I would suggest works, in a balanced approach—using the President’s terminology. Let’s stop talking about new taxes and start talking about creating new taxpayers, which basically means jobs.

Here in Washington, this debt is the No. 1 issue on everyone’s mind, and rightfully so. It is a major issue. But everywhere else in the real world, the No. 1 issue on people’s minds is jobs. And I will tell you every other problem facing America—the mortgage crisis, home foreclosure crisis, this debt problem—all of these issues get easier to deal with as people are gainfully employed across America. The impact that unemployment is having across this country is devastating. We hear about unemployment in facts and figures. They give us numbers: Oh, X percent people are unemployed. Well, there are stories behind every one of those people.

Do you know who a lot of these people are who are unemployed in America? They are people who have done everything they have been asked to do and they have done it right. Maybe they served their country overseas. Maybe they went to college and got a degree and now came back home. Maybe they worked for 10 or 20 years and did a good job at work. And now you know what, they cannot find a job, or maybe they were lucky enough to find a job after losing their original job, but it pays them half as much and they work twice as long. That is the real face of unemployment in America, of people who are hurting.

Our job here is to do everything we can to make it easier for them to find a job, not harder. I think that is what we have to do when it comes to a balanced approach and when we talk about revenue. We do not need new taxes. We need new taxpayers, people

who are gainfully employed making money and paying into the tax system. Then we need a government that has the discipline to take that additional revenue and use to it pay down the debt and never grow it again. That is what we should be focused on. That is what we are not focused on.

So you look at all of those taxes that are being proposed. Here is what I say: I say we should analyze every single one of them through the lens of job creation, issue No. 1 in America. I want to know which one of these taxes they are proposing will create jobs. I want to know how many jobs are going to be created by the plane tax. How many jobs are going to be created by the oil company tax that I heard so much about? How many jobs are created by going after the millionaires and billionaires that the President talked about? I want to know how many jobs do they create.

Because I will tell you—and I am going to turn it over to Senator AYOTTE in a second, because I am interested in her perspective of this as a job creator, as a spouse of a job creator who runs a small business, as someone like me who just came off the campaign trail.

Let me tell you something. I traveled the State of Florida for 2 years campaigning. I have never met a job creator who told me they were waiting for the next tax increase before they started growing their business. I never met a single job creator who has ever said to me: I cannot wait until government raises taxes again so I can go out and create a job. I am curious to know if they say that in New Hampshire, because they do not say that in Florida.

So my view on all this is, I want to know how many jobs these tax increases the President proposes will create, because if they are not creating jobs and they are not creating new taxpayers, they are not solving the problem.

I do not know what the Senator’s perspective is on that.

Ms. AYOTTE. Mr. President, I could not agree more with what my colleague from Florida has said, that we need to create a positive climate to create jobs. But one thing we do know is that does not happen by more spending in Washington. The recent report that came out about the President’s stimulus package has shown that it cost \$278,000 per job created by that stimulus package. Yet we had to borrow so much money, nearly \$1 trillion to create a limited number of jobs that cost us \$278,000 a job.

I do come from a small business family. My husband started a landscaping and snow-plowing business. I worked with him to start that business. New Hampshire is a small business State. As I campaigned up and down our State, I talked to so many small business owners. I never had a small business owner tell me they were being taxed too little, please tax me more.

What I did hear was too many burdensome regulations from Washington

were coming down and making it difficult for our small businesses to thrive and grow. Frankly, some of the taxes coming down from Washington were making it difficult. In the health care bill, there was a tax on medical device companies. New Hampshire has nearly 50 of those companies. And what I heard from those companies—and I have heard that even more recently—is the tax in that health care bill on medical device companies is going to take away significant amounts of their research and development budget to create new products that will improve the quality of our health care and save lives.

So with the actions we are taking in Washington, we need to create a positive climate for our small businesses, not thinking that we create the jobs here in Washington. We know that it is those small businesses and the hard-working entrepreneurs and those who have a great idea in this country in the private sector who create those jobs. They do not need more taxes and burdens from Washington. What we need to do is frankly get out of their way and allow them to thrive and grow and to create jobs for all of our children going forward.

I do not know if the Senator heard from businesses in Florida about the regulatory concerns and burdens from Washington hurting economic growth in the private sector.

Mr. RUBIO. Well, the truth is that throughout the campaign and even now, that is what I hear all of the time from people, that these regulations are making it harder, not easier, for them to create jobs. That, combined with the uncertainty of the Tax Code—they do not know what the taxes are going to be next year. But they read the newspaper, they listen to the news, and every time they hear talk about this tax increase stuff, it scares job creators. They make this decision: Oh, wait. You know what, maybe this is not the year to hire people, because we still do not know how much it is going to cost to hire people.

The other great phrase here—both Senator AYOTTE and I have only been here a few months so I think we are still learning the language of Washington; I hope it never becomes part of my permanent vocabulary, but one of the things I have been hearing recently is this notion of everything should be on the table, which is funny because everything is not on the table according to the President and others.

For example, there is no serious discussion of a spending cap. I would love to have a vote. Why do we not have a vote on the balanced budget amendment? Why is that not on the table? Why is a balanced budget amendment not on the table? Why are we not voting on that tomorrow? Because a balanced budget amendment basically says you cannot spend money you do not have, which makes all of the sense in the world for the rest of the people who live in the real world. But, appar-

ently, that doesn't apply here, and the results are these problems we face. I think something should be off the table. Bad ideas should be off the table. If something is a bad idea, it should not be on the table. It is a bad idea to pass things that will make it harder to hire people. How much higher do you want unemployment to be?

Here is what I think we have to ask ourselves: These tax increases Senator AYOTTE pointed out, along with the regulations that kill job creation in America—these do not raise enough money to do anything significant about the debt. They don't create jobs; in fact, they kill them. How could the tax increases they are outlining be part of the solution? Why is it being offered? These are smart people. They know the math. The answer lies in the politics of this, which is clear.

This appears to be an effort to save face. Everybody here knows there will have to be spending reductions at some level because we have a spending problem. It is the reason we are in this mess today. It is not because we don't pay enough taxes. We spend more money—a lot more money—than we have.

It appears to me that the President and others in his party are positioning and looking for some pound of flesh in return for these cuts so they can go to their political base and say: We got something out of this. We went after the people who make all this money—the greedy billionaires and millionaires and the oil companies—even though it has nothing to do with the debt.

That is the only explanation for why this is even on the table. I think anything that kills jobs should be off the table. I think anything that hurts the ability of the job creators to grow their business should be off the table. I think anything that helps increase the unemployment rate should be off the table. I think that is what should be off the table—anything that hurts our ability to grow our economy.

Things that force this government, once and for all, to put itself back on the path of sanity should be on the table. Sanity means we stop having a government that spends money it doesn't have.

I will turn it back over to Senator AYOTTE to close. I thank her for this opportunity. I thought it was important to bring these points to the floor.

Ms. AYOTTE. I thank Senator RUBIO for his leadership on this issue and for the important issues he has raised today because he is absolutely right that class warfare is unproductive.

The proposals the President has made are not serious in terms of how much revenue they would even address—not even 10 days' of our debt. Unfortunately, right now, the leader of the Senate has brought forward a resolution, a nonbinding sense of the Senate, that does nothing to address the spending in Washington, and we are spending over 24 percent of our GDP, or our economy, right now. Historically,

we have spent about 20 percent of our GDP. Our spending is way out of line from where we have been over the 40-year historical level. Common sense tells us, why not a balanced budget amendment? Why aren't we addressing that instead of a nonbinding resolution that, again, will have no effect—will not reduce our deficit, will not help create any jobs, and will not help our economy thrive? We should be addressing real legislation—a balanced budget amendment.

I could not agree more with my colleague from Florida about living within our means. Families sit around their kitchen tables and make the tough decisions. They see the revenue coming in and the expenditures going out. Washington should do the same. Spending caps will ensure that we put handcuffs on Congress to make sure we are not spending this drastic 24 percent of our GDP and putting ourselves on a more responsible spending path going forward, and a budget resolution.

It has been nearly 2 years since the Senate has passed a budget. No business would run without a budget. Families make budgets. Here in the Senate, what we should be bringing to the floor is a real budget resolution that the parties can debate to put ourselves on a responsible fiscal path going forward rather than voting on a sense of the Senate that will, again, not have any impact and the full force of law.

With this August 2 deadline, it is time for real legislative proposals and solutions. We have put some ideas out there—a balanced budget amendment, a spending cap amendment, a real budget resolution. I hope my colleagues on the other side of the aisle will come forward so we can work on this fiscal crisis here and now so that my children and Senator RUBIO's children and all of our children and grandchildren will have greater opportunities in the greatest country on Earth.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, there is no question that we are at a point where we have to take substantial and painful steps to get our Nation's fiscal house in order. That is why we are rightfully working to tighten our Nation's belt at a time when American families are doing the same.

I am here to talk about one major difference in the way Republicans have proposed to go about addressing our budget and the way American families, who understand shared sacrifice and equal burden, have done it. I will point out one glaring omission in the Republicans' plan amid all their tough talk about fiscal responsibility.

I am here to ask Republicans why they are asking everyone to sacrifice except those who can afford it the most?

I am here to ask them why they are willing to risk not only defaulting on our Nation's debt but also the health care and benefits our veterans rely on,

pay for our troops, Social Security benefits, and the Medicare system our seniors are counting on—all to defend tax breaks for oil and gas companies, sweetheart deals for corporations, and the most generous tax rates wealthy Americans have enjoyed in 60 years.

Sometimes it is hard for me to listen to some of my Republican colleagues talk at length about their newfound fiscal sensibilities on the Senate floor and in the press. It is difficult because, like many of them, I was here in 2000. I remember when President Clinton left office. We were on a course to completely pay down the \$5.6 trillion debt by 2012. I remember the projection of surpluses. I remember the efforts by many of us to safeguard that funding for our seniors and to pay down that debt. But I can also remember at that time many Republicans could not wait to get their hands on the Nation's credit card. When they did—when President Bush took office—they spent lavishly.

A lot of that spending went to some of our Nation's wealthiest individuals and companies. Throughout the Bush years—and particularly in the Bush tax cuts of 2001 and 2003—trillions of dollars in tax breaks went to the very wealthiest Americans.

There were capital gains tax rollbacks, tax breaks designed to benefit corporate giants, and a new tax bracket that provided wealthy Americans the lowest tax rates they have enjoyed since World War II. These tax breaks were all unpaid for, all handed out to those who could most afford to pay, and they were all put on the Nation's credit card.

Now that that credit card bill has come due, guess who will not be asked to pay their fair share? Unfortunately, under the Republican plan, it is the wealthy companies and individuals who have benefited the most from their spending. It is corporations such as ExxonMobil that despite reporting a profit of over \$10 billion in the first quarter of this year—at the same time, by the way, that gas prices for families across this country are rising—they are being protected from a rollback of tax subsidies for oil and gas giants.

It is corporate CEOs who are lobbying against closing the tax loophole that they enjoy for private jets and yachts. It is companies that all too often ship American jobs overseas but still enjoy offshore tax havens.

Guess who has drawn a line in the sand to protect these corporations and wealthy individuals? It is the very same Republicans who were so quick to break out the Nation's credit card when we were running a surplus, the same Republicans who have repeatedly pledged to block any new revenue—even as we have met them far beyond halfway in these negotiations.

Finally, guess who it is who is left to pick up the credit card tab under the Republican plan? Unfortunately, it is everybody else. It is seniors who, under the Republican budget, will lose access to Medicare as we know it; it is stu-

dents who will be asked to pay more even as tuition rises; it is family farmers and those who can't afford health care for their children; it is the middle-class families who have found themselves living paycheck to paycheck.

If Republicans get their way, it will be everybody but those who can afford it most who will be left to sacrifice alone.

Unfortunately, the Republican approach is something that has become all too common in the aftermath of this recession.

While the effect of this recession is being felt profoundly by working families in lost jobs, lower wages, and less financial security than ever before, the very wealthiest Americans seem to be doing pretty darn fine.

On Sunday I picked up the New York Times and noticed they ran an article that showed that the salaries of CEOs at America's largest companies grew by an average of 23 percent over last year's mark. However, the same article noted that over the past year, the pay for average workers had declined. It didn't even mention the thousands of layoffs at the same companies where those bonuses have skyrocketed.

Unfortunately, that is the same economic theory that Republicans are bringing to the budget negotiations. For those who can't afford it, their budget provides all the perks, none of the sacrifices; all of the tax breaks, none of the revenues; all of the benefits, none of the pain.

It doesn't have to be this way. We can have a plan that works for middle-class families and invests in our Nation's future, a plan that balances tough but necessary spending cuts with new revenues that ensure corporations and wealthy Americans are also paying their fair share; that restores fairness to this process by making sure that in these difficult times we are not balancing our budget solely on the backs of seniors and students and middle-class families; and, most importantly, a plan that recognizes that, yes, we have a budget deficit and we need to address that, but we also have an infrastructure deficit, and we have an education and a skills deficit and, most importantly, we have a jobs deficit.

The only way that we will address those deficits is to invest in education, energy, and infrastructure—areas that will produce jobs both now and in the future.

Workers who lost their jobs through no fault of their own don't just want to hear about cuts, cuts, cuts. They want to hear about how we are going to create jobs. A small business owner who had to shut her doors when the recession hit and customers stopped coming in doesn't want to hear about debt ceilings. She wants to hear about how we are going to get the economy back on track.

It cannot just be about slashing; it also has to be about investing in jobs and workers in America. That is what we should be working together toward.

I understand that time is not on our side in this debate. The truth is, Republicans aren't merely offering their "everybody pays except the rich" philosophy up for debate; they are holding our Nation's economy hostage with it.

By refusing to accept new revenues from corporate tax loopholes and tying that refusal to the Nation's debt limit, they are rolling the dice on default. In fact, in my 18 years on the Senate Budget Committee, I have never seen anything like what Republicans are willing to risk in these budget negotiations and who they are willing to risk it all for.

Last week, the Bipartisan Policy Center put out a report authored by a former Bush Treasury official about what would happen if Republicans continued to play chicken with default and the administration was forced to make desperate spending decisions in August. The scenarios were worse than grim.

Potentially at risk are the benefits and health care we owe our veterans, loans for struggling small businesses, food stamps for people who are struggling to buy groceries, Social Security checks for our seniors, unemployment benefits for millions of workers who are desperately seeking jobs, and even Active-Duty pay for our military. Yet by rejecting revenues in this deal, and by not asking everybody to sacrifice, and by dealing in ultimatums rather than compromise, Republicans are willing to put all these Americans at risk; and they are willing to risk it all in order to go to the mat to protect millions of dollars in tax breaks for the wealthiest few.

They are willing to chance loans for Main Street businesses in order to defend offshore tax breaks for multinational companies. They are willing to jeopardize troop pay in order to stand up for hedge fund managers. They are willing to gamble default on tax breaks for horse tracks.

I believe that is a bet we all lose.

Mr. President, we were elected to work for all Americans, not just the privileged few at the top. It is time for our Republican colleagues to come to the table with flexibility. It is time for compromise. It is time for common sense. And it is time to ask everyone to sacrifice to meet a challenge we all face together.

Mr. President, I yield the floor.

THE PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I have heard a lot of talk on the Senate floor, including from the last speaker, and certainly from the President of the United States about shared sacrifice. The White House spin is that the Democrats in the negotiations about extending the debt ceiling have conceded hundreds of billions of dollars in savings and Republicans have conceded nothing and therefore Republicans need to be willing to raise taxes. That is the mantra. That is the spin.

But there are two things wrong with this spin: First, it is wrong as a matter

of fact, as I will point out, and second, it would result in very bad policy. As Senator RUBIO said a moment ago, the only thing that should be off the table is bad policy, and certainly anything that would hurt our economy and job creation at this time is bad policy.

First with regard to the assertion from some in the White House that Democrats have made all the concessions and so it is the Republicans' turn—the last speaker, as a matter of fact, said, and I will quote her directly, “Everybody pays except the rich.” Well, I would like to point out why that is absolutely not the case.

The negotiations Vice President BIDEN has presided over have talked about two different kinds of savings: on the discretionary side, which is the budget we deal with every year, and on the mandatory side, which is spending programs such as Medicare, Medicaid, some of TRICARE, some veterans' benefits, Social Security, and things of that sort.

If the savings the White House has attempted to portray as all coming from Democratic concessions refers to the discretionary part of this pie, then I would simply say that is a false statement because we haven't discussed it. What we have talked about is setting a top-line budget number—a so-called 302(a) number in budget parlance—and that is what the Members of the House and Senate would then have to spend. But there has been no discussion of where those savings come from, so it simply would be wrong to say there has been any kind of negotiation about where those savings come from and the Democrats have made all of the concessions. There have been no concessions made by either side, as a matter of fact.

If it is the mandatory side we are talking about, it is true we have had a lot of discussion about savings that can result from changes in the way we operate some of these mandatory programs. Now, we are not talking about any major reform of Medicare or anything of that sort, but if I can just sort of characterize something in a very loose way as waste, fraud, and abuse, there are a lot of savings that can occur in various programs, and there are even some revenue increases that can result from increased fees and that sort of thing that do result in some additional savings overall on the mandatory side.

In terms of the revenue increases, I would point out that between \$153 billion and over \$200 billion of the money on that side of the ledger actually comes from increased revenues. So when the White House says: Well, revenues have to be on the table, the fact is that revenues have been on the table. We have been talking about increased revenues. We are not talking about increasing taxes. But if the government sells something and gets money from it, that is revenue. If there is a user fee of some kind and we want to raise that to keep up with the times, that is revenue.

And if you add up all of the revenues we have agreed to, we Republicans have agreed to between \$150 billion and \$200 billion. So it is simply false to suggest that we haven't been willing to talk about revenues and that all of the concessions have been on the Democratic side.

We have also had some spending reductions or less rate in the growth of spending in some of these mandatory programs on the table for discussion, and about 60 percent of those, in my calculation, are concessions Republicans have made, and about 40 percent are concessions Democrats have made. My Democratic counterparts would probably argue it is somewhat different, from their point of view, but the fact is both sides have made concessions. And even if you concede they are 50-50, the fact is, therefore, Republicans have made as many concessions in these negotiations as have our Democratic colleagues.

By the way, one reason we have both been willing to make concessions is we agree we are in a dire circumstance here, and we sometimes have to get out of what we call our comfort zone and agree to what in ordinary times we would never agree to but we realize now we have to make some changes. So we are willing to make concessions that ordinarily we wouldn't, and we have, and so have the Democrats. The net result, as I said, I think it is 60-40 on our side, plus all the revenues we have conceded. But if somebody on the other side said: No, it is 50-50, or something on that order, I wouldn't argue. But the fact is, it is false and misleading for the White House to suggest that all of the concessions have been made by the Democrats and none have been made by Republicans. That is simply factually incorrect.

The second thing that is wrong with this spin is that, as Senator RUBIO said, bad ideas should be off the table, and it is a bad idea to raise taxes on an economy that is already sick. I mean, the last thing we should be doing is raising taxes, as a result of which job creation would be inhibited. It is the worst medicine for a sick economy.

I asked one of my Democratic colleagues why, since we shouldn't be raising taxes at this point in time, there was such an insistence on his side. His response was: Well, you have to understand, with us, it is kind of theological. Well, maybe it is theological, but I would argue that ideology here has a place to the extent that it is backed up by reality, but ideology that is not backed up by reality has no place in these negotiations. And raising taxes just for the sake of raising taxes, so that somebody can say to their constituency: Well, we did it, we were able to raise taxes, is not a sound way to approach the problem.

Thomas Sowell, one of the most erudite observers of the American scene, wrote, in *National Review Online* on July 5, a piece he titled “Politics vs. Reality.” It goes to this point.

Mr. President, I ask unanimous consent to have printed in the *RECORD* this article at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. KYL. The whole point here about raising taxes is this should not be about shared sacrifice. It shouldn't be about sacrifice at all. We are not talking about austerity. We should be talking about prosperity—in other words, the conditions by which everyone can do well, and specifically, how we can create jobs, how we can put Americans back to work, and how our economy can grow.

As I said, the worst medicine for a sick economy is raising taxes, and that is why Republicans oppose tax hikes and not because, for example, I have some interest in protecting some Hollywood movie millionaire. I don't. The person is probably not in my political party. What I have an interest in is protecting America's small businesses so they do not go broke and so they do not have to close up shop because higher taxes were imposed on them. That is exactly what the President's own Small Business Administration Office of Advocacy said would happen with one of the taxes they propose to raise; that is, repealing LIFO, which is an accounting term meaning last in, first out. The SBA Office of Advocacy said repealing LIFO “would result in a tax increase for small businesses that could ultimately force many small businesses to close.” That is from the President's own Office of Advocacy for the SBA. That is what I oppose—putting small businesses out of business just because of some theological attachment to raising taxes.

Accountants have talked for a long time about what the best method of accounting is. The IRS has always said LIFO is perfectly acceptable, and about 36 percent of American businesses—primarily retailers and manufacturers—use this accounting technique. It would be fine if we decide to say: Well, we are going to go to a different technique. What would be wrong is to retroactively impose a tax on people who have been using this accounting method as though they have been doing something wrong. They haven't. The IRS has always said LIFO is fine. But it is all about revenue. We need more money to spend, so we are going to retroactively tax 36 percent of American businesses that use this accounting method. That is wrong, and that is why the Small Business Administration Office of Advocacy has said this could put many small businesses out of business. It is why we shouldn't be considering it.

What are the other taxes they propose? Well, one of them is to cap itemized deductions, so you would only be able to deduct either 28 percent or maybe up to 35 percent of your income. Obviously the first effect of this is to make it much more difficult for Americans to contribute to charity, to buy

homes because they wouldn't have the advantage of the mortgage interest deduction, or to pay medical expenses, and so on. As the Wall Street Journal has editorialized, this is just a backdoor way of raising marginal tax rates without actually appearing to do so.

But the biggest problem with this capping of deductions is not that it is going to hurt the millionaires. They are either going to be caught by the AMT or their income is so high they are even going to be paying above AMT rates notwithstanding these limits on deductions. The real people this hurts are the small business owners who pay in the higher bracket. We know that 50 percent of small business income falls in the top two brackets. Businesses have deductions that are the ordinary and necessary part of doing business. All businesses are allowed to take them, both corporate and noncorporate. Why would we eliminate the ability of small businesses to take the same kinds of deductions corporations can take by capping the amount of deductions that could be taken in income reported in the top two brackets?

The final point about this is we know that efforts to tax millionaires and billionaires always end up taxing a lot more people than that. According to the IRS, in 2008 there were only about 319,000 tax returns that showed an income of \$1 million or more, but the number of returns falling in the top two brackets—the ones affected by this proposal of the Democrats—numbered more than 3.6 million people. These would be the people who are affected by this proposed increase in taxes.

I would just parenthetically note two others. The last millionaire tax was the alternative minimum tax. It was created in 1969 and targeted against 155 millionaires. Guess how many people it will apply to this year. It will apply to 34.4 million Americans. So when you aim for the millionaires, you end up getting everybody else.

The third tax the Democrats talk about raising is the old favorite: Big Oil. This is so targeted, it only hits five companies in the whole world, five American companies. Never mind that we are punishing American businesses—American oil companies—that are in the same business as other companies all over the world that are not being punished. No, we are going to attack American businesses that, by the way, employ 9.2 million Americans. We are going to say they have to pay higher taxes than other businesses just like them.

There are three particular tax provisions.

Other businesses get to take an R&D tax credit—research and development. Aren't we all for research and development? Yes, but not in the oil and gas industry. And where might they put that research and development money? Well, for example, into ensuring that when they sink a well deep in the Gulf of Mexico, it will be environmentally safe. Nope, you can't deduct that. All

other businesses will be able to but not you. What sense does that make? It is bad policy.

How about the usual and necessary business expense, the deduction for writeoffs for business investment? All other companies get to deduct that, but we would say to the oil companies: You don't get that same deduction.

Perhaps most perniciously, we are trying to compete with foreign businesses, so we would say to Americans who earn income abroad: You can deduct against the taxes you would owe here the taxes you pay over there. All of the other world nations get to do that. They would take that away from these particular kinds of companies.

So this is discriminatory, it is job killing but, most of all, it impacts American consumers directly because every dollar of increased taxes is going to find its way into the price we pay at the gas station when we buy gas. Now, whom does that hurt, therefore? Does it hurt some millionaires and billionaires? Who owns the oil companies? Well, a lot of pensions do, a lot of retired teachers and firefighters and so on.

People have to think this through. You are not hitting millionaires and billionaires. I know it sounds like good rhetoric, but when you are hitting American businesses that try to compete around the world and that develop a product we would like not to have to pay four bucks a gallon for, the last thing you want to do is to play politics by saying: Well, for those particular folks, we are going to raise their taxes.

I remember the last time we raised taxes on another millionaire kind of outfit, the yachts. It was a luxury tax that we opposed back in 1990, and it seemed like a good idea, just like this tax they were talking about imposing on airplanes. They didn't actually talk about that in our meeting, so I don't know exactly what it is. But they say it would raise \$3 billion over 10 years, which pays for hardly a fraction of the \$14 trillion debt we have. Nonetheless, they want to go after private airplanes.

I don't know how many people work in the private airplane manufacturing business. But it was interesting that in 1990 when the luxury boat tax was passed, there were 7,600 jobs lost in the boating industry. Very quickly the people who made the boats, a lot of them up in Massachusetts, decided this wasn't such a hot idea and so they repealed the tax in 1993. By the way, it lost revenue because of the unemployment benefits and lost income tax revenue had to be developed in order to offset the loss in business.

The point of all of this is that when the administration and others talk about shared sacrifice, of making some kind of rich business or rich person pay taxes, you have to think through what the effect is on the American economy and on job creation. The reason Republicans oppose these is not because we love the person who pays the tax so much as we wish for American jobs to

be created, or at least not have more jobs lost. And the people who are proposing these tax cuts seem to be absolutely oblivious to the effect their proposals would have on hard-working Americans.

My colleague from Washington State a moment ago said, and I will quote her again: Everybody pays except the rich under Republicans' idea of how things ought to be.

I think I pointed out that is not true. But in case anybody needs a reminder of who pays income taxes in the country: The top 1 percent pays 38 percent of all income taxes. The top 10 percent pays 70 percent. The bottom 40 percent pays no personal income tax.

So is it true that everybody pays except the rich? No. The rich pay by far and away most of the taxes paid in this country, and a lot of people believe that is as it should be. We have a progressive system. The rich can afford to pay more, and so we expect more from them. But let's not demagog the issue and suggest that isn't true. It is true. The rich do pay more, and we have decided in this country that they should. But how much more do you want them to pay? Ninety percent? Ninety-five percent? How about 100 percent? How much revenue do you think we could get from somebody if we said he is going to have to pay 100 percent of what he earns in income taxes? We know there are two rates at which you generate exactly zero revenue: zero and 100.

So when we talk about shared sacrifice, let's put this into perspective and let's realize we are not talking about sacrifice in the sense of trying to hurt people or austerity so much as we are talking about prosperity. And you don't create more prosperity with job-killing taxes.

I want to add one other thing for the record here. There are two publications that note areas in which we could save hundreds of billions of dollars if we were willing to discuss them. When we talk about things that are on the table or off the table, here are two things our Democratic friends have said are not on the table: We will not talk about fraud in the unemployment insurance system or fraud in Medicare and Medicaid. According to these two articles, which I will ask to be put in the RECORD, there are tens of billions of dollars in each where we could save the taxpayers money, money that is being paid out now to either downright crooks or being paid inappropriately to people who don't qualify.

Since 1986, the GAO has published at least 158 reports about Medicare and Medicaid fraud, for example. In 1993, Attorney General Janet Reno declared health care fraud America's No. 2 crime problem, right behind violent crime. These are off the table, some of our Democratic friends say. Well, we think this is a way in which we can save money without requiring others to have to sacrifice.

Mr. President, I ask unanimous consent to have printed in the RECORD the

piece by Michael Cannon in the *National Review* On Line dated July 4, and the piece by Paul Davidson from *USA Today* dated July 5 at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. KYL. I appreciate my colleagues' indulgence here.

Mr. President, the bottom line is that when we talk about shared sacrifice, we need to appreciate that in the negotiations that have been occurring Republicans have made a lot of concessions, and that the reason we oppose the concession of raising taxes is not because we have some ideological attachment to somebody who makes a lot of money but, rather, because we have an ideological attachment to the American worker who needs a job or who needs his or her job protected. From what we understand, the taxes that have been proposed by our Democratic colleagues would all be job killers. At the time our economy is in the unhealthy state it is, the worst medicine is job-killing taxes.

Mr. WHITEHOUSE. Would the Senator yield for a question?

Mr. KYL. Mr. President, I would be happy to yield. I am also happy to conclude. I think we are rotating between Democrat and Republican.

Mr. WHITEHOUSE. I don't want to step on your colleagues' time.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. One of the things I have been tracking is the share of wealth, income, and taxes at various percentages toward the top. The Senator was good enough to mention that the top 1 percent pays about 28 percent of the taxes, the top 5 percent pays a little over 44 percent of the taxes, and the top 10 percent pays 55.4 percent of the taxes.

But I think in order to get a complete picture, it is also important to note that the top 1 percent controls 24 percent of the income, the top 5 percent controls 39 percent of the income, and the top 10 percent controls 50 percent of the income. If you go to wealth, the top 1 percent controls 33.8 percent of the wealth, the top 5 percent controls 60.4 percent of the wealth, and the top 10 percent controls 71.5 percent of the Nation's wealth.

So if you are in the top 10 percent and you control 71.5 percent of the Nation's wealth, it doesn't seem to be unreasonable that you should be paying 55 percent of the Nation's taxes, particularly if you are taxing based on dollars and not on just number of people.

I don't know if those numbers are wrong. We got them from the Federal Reserve Board, from the IRS, and from the Congressional Budget Office. I think they are accurate. It would appear to show that at the very high end, although these individuals are paying considerable taxes toward our Nation's

economy, they are paying considerably less than the amount of wealth they control and not much more than the amount of income they control. In a graduated system of progressive taxation, which we are supposed to have, that is not surprising. In fact, what is surprising is that the top 24 percent of the income only pays 28.3 of the taxes.

Mr. KYL. Mr. President, I am not sure where the question is in there. But what I would say in response is, with all due respect to my colleague, his numbers are absolutely wrong. I don't have at my fingertips the precise figures, but I can tell you this—by the way, I don't also know what you mean by "in charge of wealth." In terms of who owns wealth or income, the people in the upper brackets pay far more in taxes than the percentage of wealth as a percent of the economy, and I would be happy to supply those figures to my colleague. And there is a difference between income taxes and all other taxes as well, and that chart doesn't suggest which is which.

I would be happy, though, to demonstrate to my colleague that whether you are talking about income taxes or all taxes, the upper income level pays far and away the higher percentage than those in the lower portion, and in taxes they pay more than the percentage of wealth that they create or that they earn.

The bottom line is that I think anybody making the argument that there is not shared contribution to the revenues of the country by the upper income would be making a false argument. I know that is not the argument my colleague is making, because he agrees with the progressive income tax system and has pointed out that it is progressive even by the numbers you have.

But let's do this, because I respect my colleague. I will get the numbers I rely upon, you get the numbers you think you rely upon and the sources of each, and you and I can agree to come to the floor at an appropriate time convenient to us both, and then we can both have the data at our fingertips from which we can make our respective arguments.

Mr. WHITEHOUSE. I would be delighted to do that. And I might actually throw in the data from the IRS that shows that the top 400 income earners in the country in the most recent period that they have actually gone back and done the calculation paid 18.2 percent total taxes, which is less than I think the average American, certainly the average middle-class American family pays. So there is this reversal at the high end where people actually end up paying less.

Indeed, in one building in New York, the payment for the most recent year was 14.7 percent from the occupants, whereas janitors and doormen and security guards are paying up in the 20-percent ranges. It is not progressive in that sense. It is regressive at the high ends, according to those things. So

let's get the information together, and we will have that discussion.

Mr. KYL. Sure. And on that last point, it makes a larger point. When Congress tries to get the millionaires and the billionaires, those are the very people who can adjust their way of earning and of giving and of living so that they end up paying less in taxes. That is why it doesn't much matter what the rate of taxes is at the upper income. They are never going to pay more than a certain percentage, because they can afford the lawyers and the accountants to make sure that they don't pay more. It is the people in the middle income who can't do that, and they end up paying up what the IRS says they owe, and they can't adjust their way of living and giving in order to pay less in the way of taxes. Whatever deductions they get, they get, and they are going to have to live with those.

When we try to hit the upper income with higher rates, it generally doesn't work. That is another reason why we think it is an ineffective way.

Mr. WHITEHOUSE. That is why I think the loopholes need to be closed, and I thank the distinguished Senator for the colloquy.

#### EXHIBIT 1

[From the *National Review* Online, July 5, 2011]

#### POLITICS VS. REALITY (By Thomas Sowell)

It is hard to understand politics if you are hung up on reality. Politicians leave reality to others. What matters in politics is what you can get the voters to believe, whether it bears any resemblance to reality or not.

Not only among politicians, but also among much of the media, and even among some of the public, the quest is not for truth about reality but for talking points that fit a vision or advance an agenda. Some seem to see it as a personal contest about who is best at fencing with words.

The current controversy over whether to deal with our massive national debt by cutting spending, or whether instead to raise tax rates on "the rich," is a classic example of talking points versus reality.

Most of those who favor simply raising tax rates on "the rich"—or who say that we cannot afford to allow the Bush "tax cuts for the rich" to continue—show not the slightest interest in the history of what has actually happened when tax rates were raised to high levels on "the rich," as compared with what has actually happened when there have been "tax cuts for the rich."

As far as such people are concerned, those questions have already been settled by their talking points. Why confuse the issue by digging into empirical evidence about what has actually happened when one policy or the other was followed?

The political battles about whether to have high tax rates on people in high income brackets or to instead have "tax cuts for the rich" have been fought out in at least four different administrations in the 20th century—under Presidents Calvin Coolidge, John F. Kennedy, Ronald Reagan, and George W. Bush.

The empirical facts are there, but they mean nothing if people don't look at them, and instead rely on talking points.

The first time this political battle was fought, during the Coolidge administration,



the tax-cutters won. The data show that “the rich” supplied less tax revenue to the government when the top income tax rate was 73 percent in 1921 than they supplied after the income tax rate was reduced to 24 percent in 1925.

Because high tax rates can easily be avoided, both then and now, “the rich” were much less affected by high tax rates than was the economy and the people who were looking for jobs. After the Coolidge tax cuts, the increased economic activity led to unemployment rates that ranged from a high of 4.2 percent to a low of 1.8 percent.

But that is only a fact about reality—and, for many, reality lacks the appeal of talking points.

The same preference for talking points, and the same lack of interest in digging into the facts about realities, prevails today in discussions of whether to have a government-controlled medical system.

Since there are various countries, such as Canada and Britain, that have the kind of government-controlled medical systems that some Americans advocate, you might think that there would be great interest in the quality of medical care in these countries.

The data are readily available as to how many weeks or months people have to wait to see a primary-care physician in such countries, and how many additional weeks or months they have to wait after they are referred to a surgeon or other specialist. There are data on how often their governments allow patients to receive the latest pharmaceutical drugs, as compared with how often Americans use such advanced medications.

But supporters of government medical care show virtually no interest in such realities. Their big talking point is that the life expectancy in the United States is not as long as in those other countries. End of discussion, as far as they are concerned.

They have no interest in the reality that medical care has much less effect on death rates from homicide, obesity, and narcotics addiction than it has on death rates from cancer or other conditions that doctors can do something about. Americans survive various cancers better than people anywhere else. Americans also get to see doctors much sooner for medical treatment in general.

Talking points trump reality in political discussions of many other issues, from gun control to rent control. Reality simply does not have the pizzazz of clever talking points.

#### EXHIBIT 2

[From the National Review Online, July 4, 2011]

#### ENTITLEMENT BANDITS

(By Michael F. Cannon)

The budget blueprint crafted by Paul Ryan, passed by the House of Representatives, and voted down by the Senate would essentially give Medicare enrollees a voucher to purchase private coverage, and would change the federal government's contribution to each state's Medicaid program from an unlimited “matching” grant to a fixed “block” grant. These reforms deserve to come back from defeat, because the only alternatives for saving Medicare or Medicaid would either dramatically raise tax rates or have the government ration care to the elderly and disabled. What may be less widely appreciated, however, is that the Ryan proposal is our only hope of reducing the crushing levels of fraud in Medicare and Medicaid.

The three most salient characteristics of Medicare and Medicaid fraud are: It's brazen, it's ubiquitous, and it's other people's money, so nobody cares.

Consider some of the fraud schemes discovered in recent years. In Brooklyn, a dentist billed taxpayers for nearly 1,000 procedures

in a single day. A Houston doctor with a criminal record took her Medicare billings from zero to \$11.6 million in one year; federal agents shut down her clinic but did not charge her with a crime. A high-school dropout, armed with only a laptop computer, submitted more than 140,000 bogus Medicare claims, collecting \$105 million. A health plan settled a Medicaid-fraud case in Florida for \$138 million. The giant hospital chain Columbia/HCA paid \$1.7 billion in fines and pled guilty to more than a dozen felonies related to bribing doctors to help it tap Medicare funds and exaggerating the amount of care delivered to Medicare patients. In New York, Medicaid spending on the human-growth hormone Serostim leapt from \$7 million to \$50 million in 2001; but it turned out that drug traffickers were getting the drug prescribed as a treatment for AIDS wasting syndrome, then selling it to bodybuilders. And a study of ten states uncovered \$27 million in Medicare payments to dead patients.

These anecdotes barely scratch the surface. Judging by official estimates, Medicare and Medicaid lose at least \$87 billion per year to fraudulent and otherwise improper payments, and about 10.5 percent of Medicare spending and 8.4 percent of Medicaid spending was improper in 2009. Fraud experts say the official numbers are too low. “Loss rates due to fraud and abuse could be 10 percent, or 20 percent, or even 30 percent in some segments,” explained Malcolm Sparrow, a mathematician, Harvard professor, and former police inspector, in congressional testimony. “The overpayment-rate studies the government has relied on . . . have been sadly lacking in rigor, and have therefore produced comfortably low and quite misleading estimates.” In 2005, the New York Times reported that “James Mehmet, who retired in 2001 as chief state investigator of Medicaid fraud and abuse in New York City, said he and his colleagues believed that at least 10 percent of state Medicaid dollars were spent on fraudulent claims, while 20 or 30 percent more were siphoned off by what they termed abuse, meaning unnecessary spending that might not be criminal.” And even these experts ignore other, perfectly legal ways of exploiting Medicare and Medicaid, such as when a senior hides and otherwise adjusts his finances so as to appear eligible for Medicaid, or when a state abuses the fact that the federal government matches state Medicaid outlays.

Government watchdogs are well aware of the problem. Every year since 1990, the U.S. Government Accountability Office has released a list of federal programs it considers at a high risk for fraud. Medicare appeared on the very first list and has remained there for 22 straight years. Medicaid assumed its perch eight years ago.

How can there possibly be so much fraud in Medicare and Medicaid that even the “comfortably low” estimates have ten zeros? How can this much fraud persist decade after decade? How can it be that no one has even tried to measure the problem accurately, much less take it seriously? The answers are in the nature of the beast. Medicare and Medicaid, the two great pillars of Pres. Lyndon Johnson's “Great Society” agenda, are monuments to the left-wing ideals of coerced charity and centralized economic planning. The staggering levels of fraud in these programs can be explained by the fact that the politicians, bureaucrats, patients, and health-care providers who administer and participate in them are spending other people's money—and nobody spends other people's money as carefully as he spends his own. What's more, Medicare and Medicaid are spending other people's money in vast quantities. Medicare, for example, is the largest purchaser of medical goods and serv-

ices in the world. It will spend \$572 billion in 2011. Each year, it pays 1.2 billion claims to 1.2 million health-care providers on behalf of 47 million enrollees.

For providers, Medicare is like an ATM: So long as they punch in the right numbers, out comes the cash. To get an idea of the potential for fraud, imagine 1.2 million providers punching 1,000 codes each into their own personal ATMs. Now imagine trying to monitor all those ATMs.

For example, if a medical-equipment supplier punches in a code for a power wheelchair, how can the government be sure the company didn't actually provide a manual wheelchair and pocket the difference? About \$400 million of the aforementioned fines paid by Columbia/HCA hospitals were for a similar practice, known as “upcoding.”

And how does the government know that providers are withdrawing no more than the law allows? Medicaid sets the prices it pays for prescription drugs based on the “average wholesale price.” But as the Congressional Budget Office has explained, the average wholesale price “is based on information provided by the manufacturers. Like the sticker price on a car, it is a price that few purchasers actually pay.” Pharmaceutical companies often inflate the average wholesale price so they can charge Medicaid more. Teva Pharmaceuticals recently paid \$27 million to settle allegations that it had overcharged Florida's Medicaid program by inflating its average wholesale prices, and the Department of Justice has accused Wyeth of doing the same. Merck recently settled a similar case.

Most ominously, how does the government know that people punching numbers into the ATMs are health-care providers at all? In his testimony, Malcolm Sparrow explained how a hypothetical criminal can make a quick million: “In order to bill Medicare, Billy doesn't need to see any patients. He only needs a computer, some billing software to help match diagnoses to procedures, and some lists. He buys on the black market lists of Medicare or Medicaid patient IDs.” With this information in hand, Billy strides right up to the ATM, or several at a time, and starts punching in numbers. “The rule for criminals is simple: If you want to steal from Medicare, or Medicaid, or any other health-care-insurance program, learn to bill your lies correctly. Then, for the most part, your claims will be paid in full and on time, without a hiccup, by a computer, and with no human involvement at all.” These schemes are sophisticated, so Billy might hire people within Medicare and at his bank to help him avoid detection.

Last year, the feds indicted 44 members of an Armenian crime syndicate for operating a sprawling Medicare-fraud scheme. The syndicate had set up 118 phony clinics and billed Medicare for \$35 million. They transferred at least some of their booty overseas. Who knows what LBJ's Great Society is funding?

And there are other forms of fraud. An entire cottage industry of elder-law attorneys has emerged, for instance, to help well-to-do seniors appear poor on paper so that Medicaid will pay their nursing-home bills. Medicaid even encourages the elderly to get sham divorces for the same reason. It's all perfectly legal. It's still fraud.

Medicaid's matching-grant system also invites fraud. When a high-income state such as New York spends an additional dollar on its Medicaid program, it receives a matching dollar from the federal government—that is, from taxpayers in other states. Low-income states can receive as much as \$3 for every additional dollar they devote to Medicaid, and without limit. If they're clever, states can get this money without putting any of their own on the line. In a “provider tax” scam, a

state passes a law to increase Medicaid payments to hospitals, which triggers matching money from the federal government. Yet in the very same law, the state increases taxes on hospitals. If the tax recoups the state's original outlay, the state has obtained new federal Medicaid funds at no cost. If the tax recoups more than the original outlay, the state can use federal Medicaid dollars to pay for bridges to nowhere. As Vermont began preparations for its Obamacare-sanctioned single-payer system this year, it used a provider-tax scam to bilk taxpayers in other states out of \$5.2 million. In his book *Stop Paying the Crooks*, consultant Jim Frogue chronicles more than half a dozen ways that states game Medicaid's matching-grant system to defraud the federal government.

Since 1986, the GAO has published at least 158 reports about Medicare and Medicaid fraud, and there have been similar reports by the HHS inspector general and other government agencies. In 1993, Attorney General Janet Reno declared health-care fraud America's No 2 crime problem, after violent crime. Since then, Congress has enacted 194 pages of statutes to combat fraud in these programs, and countless pages of regulations.

Yet federal and state anti-fraud efforts remain uniformly lame. Medicare does almost nothing to detect or fight fraud until the fraudulent payments are already out the door, a strategy experts deride as "pay and chase." Even then, Medicare reviews fewer than 5 percent of all claims filed. Congress doesn't integrate Medicare's myriad databases, which might help prevent fraud, nor does it regularly review the efficacy of most of the anti-fraud spending it authorizes. Many of the abuses noted above, such as those of the Brooklyn dentist, were discovered not by the government but by curious reporters poking through Medicaid records. The amateurs at the New York Times found "numerous indications of [Medicaid] fraud and abuse that the state had never looked into," but "only a thin, overburdened security force standing between [New York's] enormous program and the unending attempts to steal from it."

The federal government's approach to fraud is sometimes so inept as to be counterproductive. Sparrow testified that a defect in the strategy of Billy, our hypothetical criminal, is that he doesn't know which providers and patients on his stolen lists are "dead, deported, or incarcerated." But Medicare's anti-fraud protocols help him solve this problem. When Medicare catches those claims, it sends Billy a notice that they have been rejected. "From Billy's viewpoint," Sparrow explained, "life could not be better. Medicare helps him 'scrub' his lists, making his fake billing scam more robust and less detectable over time; and meanwhile Medicare pays all his other claims without blinking an eye or becoming the least bit suspicious."

Efforts to prevent fraud typically fail because they impose costs on legitimate beneficiaries and providers, who, as voters and campaign donors respectively, have immense sway over politicians. At a recent congressional hearing, the Department of Health and Human Services' deputy inspector general, Gerald T. Roy, recommended that Congress beef up efforts to prevent illegitimate providers and suppliers from enrolling in Medicare. But even if Congress took Roy's advice, it would rescind the new requirements in a heartbeat when legitimate doctors—who are already threatening to leave Medicare over its low payment rates—threatened to bolt because of the additional administrative costs (paperwork, site visits, etc.).

Politicians routinely subvert anti-fraud measures to protect their constituents.

When the federal government began poking around a Buffalo school district that billed Medicaid for speech therapy for 4,434 kids, the New York Times reported, "the Justice Department suspended its civil inquiry after complaints from Senator Charles E. Schumer, Democrat of New York, and other politicians." Medicare officials, no doubt expressing a sentiment shared by members of Congress, admit they avoid aggressive anti-fraud measures that might reduce access to treatment for seniors.

It's not just the politicians. The Legal Aid Society is pushing back against a federal lawsuit charging that New York City overbilled Medicaid. Even conservatives fight anti-fraud measures, albeit in the name of preventing frivolous litigation, when they oppose expanding whistle-blower lawsuits, where private citizens who help the government win a case get to keep some of the penalty.

Sparrow argued that when Medicare receives "obviously implausible claims," such as from a dead doctor, "the system should bite back. . . . A proper fraud response would do whatever was necessary to rip open and expose the business practices that produce such fictitious claims. Relevant methods include surveillance, arrest, or dawn raids." Also: "All other claims from the same source should immediately be put on hold."

Some of the implausible claims will be honest mistakes, such as when a clerk mistakenly punches the wrong patient number into the ATM. And sometimes the SWAT team will get the address wrong, or will take action that looks like overkill, as when the Department of Education raided a California home because it suspected one of the occupants of financial-aid fraud. How many times would federal agents have to march a handcuffed doctor past a stunned waiting room full of Medicare enrollees before Congress prohibited those measures?

"It seems extraordinary," Sparrow said, that the HHS Office of Inspector General recommends "weak and inadequate response[s] . . . to false claims and fake billings" and that Medicare "fail[s] . . . to properly distinguish between the imperatives of process management and the imperatives of crime control." Extraordinary? How could it be any other way? Anti-fraud efforts will always be inadequate when politicians spend other people's money. Apologists for Medicare and Medicaid will retort that fraud against private health plans is prevalent as well, but this only drives home the point: Since employers purchase health insurance for 90 percent of insured non-elderly Americans, workers care less about health-care fraud, and have a lower tolerance for anti-fraud measures, than they would if they paid the fraud-laden premiums themselves.

The fact that Medicare and Medicaid spend other people's money is why the number of fraud investigators in New York's Medicaid program can fall by 50 percent even as spending on the program more than triples. That is why, as Sparrow explained in an interview with *The Nation*, "The stories are legion of people getting a Medicare explanation of benefits statement saying, 'We've paid for this operation you had in Colorado,' when those people have never been in Colorado. And when you complain [to Medicare] about it, nobody seems to care."

The Ryan plan offers the only serious hope of reducing fraud in Medicare and Medicaid. Its Medicare reforms, especially if they were expanded later, would make it easier for the federal government to police the program, and its Medicaid reforms would increase each state's incentive to curb fraud.

To see how the Ryan plan would reduce Medicare fraud, imagine that the proposal

really were what its critics claim it is: a full-blown voucher program, with each enrollee receiving a chunk of cash to spend on medical care, apply toward health-insurance premiums, or save for the future. Instead of processing 1.2 billion claims, Medicare would hand out just 50 million vouchers, with sick and low-income enrollees receiving larger ones. The number of transactions Medicare would have to monitor each year would fall by more than 1 billion.

Social Security offers reason to believe that a program engaging in fewer (and more uniform) transactions could dramatically reduce fraud and other improper payments. As a Medicare-voucher program would, Social Security adjusts the checks it sends to enrollees according to such variables as lifetime earnings and disability status. The Social Security Administration estimates that overpayments account for just 0.37 percent of Social Security spending. Overpayments are higher in the Supplemental Security Income (SSI) program (8.4 percent), a much smaller, means-tested program also administered by the Social Security Administration. But total overpayments across both programs still come to less than 1 percent of outlays.

In reality, the Ryan "voucher" is much closer to the current Medicare Advantage program, through which one in four Medicare enrollees selects a private health plan and the government makes risk-adjusted payments directly to insurers. Skeptics will rightly note that, judging by the official improper-payment rates, Medicare Advantage (14.1 percent) is in the same ballpark as traditional Medicare (10.5 percent). Therefore, the Ryan plan should be seen not as a solution to Medicare fraud in itself, but as a step toward a vastly simplified, Social Security-like program in which the task of policing fraud is less daunting.

The Ryan plan would also vastly increase the states' incentive to curb Medicaid fraud. Just as a state that increases funding for Medicaid gets matching federal funds, a state that reduces Medicaid fraud gets to keep only (at most) half of the money saved. As much as 75 percent of recovered funds revert back to the federal government. In a report for the left-wing Center for American Progress, former Obama adviser Marsha Simon noted that "states are required to repay the federal share . . . of any payment errors identified, even if the money is never collected." The fact that Albany splits New York's 50 percent share of the spending with municipal governments may explain why the Empire State is such a hot spot for fraud: No level of government is responsible for a large enough share of the cost to do anything about it. The result is that states' fraud-prevention efforts are only a tiny fraction of what Washington spends to fight Medicare fraud.

Ryan would replace Medicaid's federal matching grants with a system of block grants. Under a block-grant system, states would keep 100 percent of the money they saved by eliminating fraud. In many states, the incentive to prevent fraud would quadruple or more. Block grants performed beautifully when Congress used them to reform welfare in 1996. They can do so again.

The Ryan plan would not reduce Medicare and Medicaid fraud to tolerable levels, but neither would any plan that retains a role for government in providing medical care to the elderly and disabled. What the Ryan plan would do is reduce how much the fraudsters—many of whom sport congressional lapel pins—fleece the American taxpayer. And that is no small thing.

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# JOBLESS-BENEFITS FRAUD IS ON THE RISE

(By Paul Davidson)

State and federal regulators are cracking down on waste and fraud in the unemployment-insurance system, abuses that have hit record levels as unemployment claims surge in a weak economy.

In the 12 months through March, the overpayment rate was 11.6 percent—more than \$1 for every \$9 paid out. Labor Department figures show.

That's up from the 12 months ending in June 2010, when a record \$16.5 billion, or 10.6 percent of the \$156 billion in unemployment benefits disbursed to Americans, should not have been paid, according to the department.

The overpayment rate was 9.6 percent in fiscal 2009 and 9.2 percent in 2008.

Officials partly blame soaring unemployment, which forced state officials to use fraud-prevention workers to help handle an unprecedented wave of claims.

"They were using every person they could find," said Gay Gilbert, Labor's unemployment-insurance administrator.

Lawmakers say excess payments could go to legitimate jobless claims and help keep state unemployment trust funds solvent. About 9.3 million Americans receive benefits.

The main reason for overpayments is that some workers continue to receive unemployment checks even after they land a new job.

Another problem is that many employers fail to adequately provide state officials the reason an employee left the company so the worker's eligibility can be determined. Also, some workers receive benefits even when they don't comply with state job-search requirements.

How state and federal officials are trying to reduce overpayments:

A national directory of new hires lets states identify workers still receiving benefits even after they get a new job.

By the end of the year, all states must use the directory. Labor officials also plan to provide funds so overtaxed states can more frequently follow up and collect overpayments from scofflaws.

A new computer system makes it easier for employers to report why workers left their jobs. Only a few states use it, but the Labor Department is providing funds to encourage wider adoption.

New rules let states recover improperly paid benefits from U.S. income-tax refunds.

**The PRESIDING OFFICER.** The Senator from Georgia.

**Mr. CHAMBLISS.** It scared me for a minute, I thought we were almost engaging in a debate on the Senate floor. This could get interesting here.

I have great respect for both my colleagues who were making comments, and it will be an interesting discussion on the floor when they both have their respective numbers and we will look forward to that.

I want to say to my colleague from Arizona that what he says is exactly right. Raising taxes in tough economic times is a very difficult thing to do and is not stimulative of the economy. The way we need to see revenues increased—and I don't think there is any disagreement from anybody in the Senate or in the House that the 14.5 percent of GDP we are now seeing in revenues has got to be increased. But the way we need to increase it is enacting policies, whether they be tax policies or spending policies or otherwise, that

will truly grow the economy, and we can do that with the right kind of policies that will not only in the short term stimulate the economy and show an increase in revenues, but will also have the same impact on the other side of the ledger, which is reducing spending.

We are now at an all-time high since World War II on the spending side, we are at an all-time low on the revenue side, and that is what has gotten us into this terrible fiscal problem we have today.

I concur with what the Senator from Arizona said, and I look forward to continuing to dialog with him as well as the Senator from Rhode Island about what needs to be done to get this gap closed.

**Mr. President,** I rise tonight to discuss the need for the American government to fundamentally change the way it conducts business. Congress and the President can no longer fail to make significant meaningful changes to our fiscal path. We must act now to ensure the safety and security of our Nation.

There is a mutual understanding from all involved in the ongoing debate that the current fiscal path our country is on will lead us to ruin. It is simply unthinkable to believe that we can continue to run deficits in excess of \$1 trillion, on top of \$14.3 trillion in accumulated debt, and remain the leader of the global economy. It is well known that the Federal Government will soon risk a potentially catastrophic default on its credit obligations. Clearly, any increase in the debt ceiling must come with substantial policy reforms and commitments that future spending and deficits are being addressed appropriately. Against this backdrop, we are being provided with a unique opportunity to review the underlying causes of our current path and potential effects we face.

Last week, the Congressional Budget Office released its long-term budget outlook. Their release shows debt increasing to approximately 200 percent of GDP by 2035, unless drastic and immediate changes are made.

Economists have told me that a debt equaling 90 percent of GDP is the tipping point, and that after that it is impossible to turn the situation around.

Under the same CBO scenario, interest costs alone in 2035 would reach 9 percent of GDP, and 9 percent of GDP is more than the United States currently spends on both Social Security and Medicare.

This body spends a considerable amount of time deliberating on matters of national security and, indeed, that is extremely important work. We must stay vigilant that any threats to this country are swiftly dealt with. However, ADM Mike Mullen, the Chairman of the Joint Chiefs, has said emphatically over and over again that our debt is the single greatest threat to our national security.

Admiral Mullen is not alone. The co-chairs of the President's own fiscal

commission warned him of the need for swift action. Mr. Bowles and Mr. Simpson continue to speak almost daily of the importance of addressing our fiscal situation and continue to make impassioned pleas that this situation must be corrected and must be done so in the short term.

It is during these hard times that most Americans look to their elected representatives and the Chief Executive of the United States for guidance on these issues. The American people have waited for leadership on this issue and have demanded fiscal discipline. It is reprehensible that an issue of this magnitude and significance is subject to the partisan bickering and gamesmanship that often rears its head in politics. This is an issue that will determine the fate of our country. It deserves careful, serious, thoughtful deliberation and not political theater.

Not long ago the Senate held a series of votes on budget resolutions that everyone knew were destined to fail. The American people expect and deserve an honest budget debate and a honest budget process. While I am glad the President is now engaging in this debate, he, too, has not been forthcoming in helping to decide America's budget fate. He has not given those in his party instructions or guidance on how to address our fiscal situation, nor has he given the Congress as a whole a relevant plan. It would be reprehensible for these White House negotiations that are now underway to produce a last-minute proposal that leaves Congress no time to review the merits of the legislation or the immediate and lasting effects to the American people.

I have been on record many times before stating everything must be on the table when it comes to solving our debt problems, and I seriously mean that. We see daily the effects of oppressive debt on countries such as Greece and the fear and panic it creates for the citizens of that country. We must take the steps now to ensure we do not fall off the precipice, and that means looking at all of our options.

We must reduce discretionary spending, reform entitlements, simplify the individual and corporate code, and lower tax rates. This is a proven path to prosperity because the solution is based on both spending reduction and economic growth.

We have a model for this. The model is what Tip O'Neill and Ronald Reagan did in 1986. We saw an economy stimulated at a time when it really needed it by the elimination of tax expenditures and the lowering of tax rates—particularly on the corporate side. It is important on both the personal and corporate, but if we are truly going to expand our tax base and see revenues increase, then we need to put the corporations in this country that manufacture the finest quality of products of anybody in the world on the same level playing field as their competitors across the globe.

So it is of critical importance that we reform our Tax Code, make it simpler and more fair, and, particularly from a corporate level, make it more competitive from a worldwide perspective.

We must cut Federal spending in any way we can. Our current levels of discretionary and mandatory spending simply cannot be sustained. But we cannot solve our problems simply by reducing spending. We have to reform entitlements. We have to look at those issues that are very difficult for a lot of us to deal with, and we have to make some hard and tough decisions. The unfortunate part about this is we do not have a lot of time to do it.

I do not know the window. The window may be 6 months, it may be 12 months, it may be 2 years. No economist will give an exact definite prediction of how long this window continues. But we do know we were not able to predict the financial crisis that occurred in 2008. As Mr. Bowles has said time and time again, this is one crisis we can predict, so now is the time for policymakers in Washington to act.

It is job creation that will ultimately be the benefit to Americans once a strong and balanced Federal budget is in place. Slower economic growth results in dramatic job loss. Christina Romer, the former Chair of the White House Council of Economic Advisers, equated 1 percentage point of GDP with 1 million jobs annually.

We cannot allow the American people to suffer by not providing the economic basis for recovery and growth. A balanced Federal budget that is free of excessive debt will lead to a healthy economy and long-term sustainable job creation activities.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I rise today deeply concerned that our Republican colleagues, in their ideological haze, have lost sight of the facts and the real people at home whose lives will be affected by the choices we make. They are lost in an ideological haze, a political dust storm that is distorting the facts and confusing process and policy with political propaganda.

As the conservative columnist David Brooks has said, "A normal Republican Party would seize the opportunity to put the country on a sound fiscal footing." He calls it "the mother of no-brainers." But it is true, as many have said, that this Republican Party is not your grandfather's Republican Party. It is not even Ronald Reagan's Republican Party. This Republican Party is so far to the right that it cannot even see the center, where ideologies converge and good governance begins. This Republican Party sees the processes governing as one-sided—their side and no other.

Today, those on the far right wave the Constitution that established a form of government to protect us from

tyranny yet see any form of compromise as defeat and the only clear victory is total surrender to their position.

Here we are, working to try to ensure that reason prevails. We have offered the largest spending cuts in a generation, asking that those cuts be accompanied by closing tax loopholes and ending tax giveaways and unreasonable subsidies to those who need them the least. But because almost every Republican has signed Grover Norquist's Americans for Tax Reform pledge to never ever raise any tax, and because they define closing tax loopholes as a tax increase even when the recipients themselves have said they do not need those tax breaks, we are forced into this position, hoping that logical, moderate voices on the other side will rise up, demanding that we do what is right for the American people.

In my view, ending subsidies to big oil companies does not fall under that pledge. Only in Washington would Republicans call ending \$21 billion in tax breaks for big oil companies that will make \$144 billion in profits a tax increase. It is not. It is not a tax increase; it is a measure of fairness. It is exactly what we need to do under the circumstances, and it is a reasonable offer by those of us on this side of the aisle.

Our job, in a representative democracy, is to represent the values of those who sent us here to do what is right for them, not wave a pledge and conveniently interpret the elimination of oil subsidies for multibillion-dollar profitable corporations or ethanol subsidies to the tune of \$2 billion as a tax increase. That is nonsense. We are offering a reasonable compromise, as that conservative columnist David Brooks says, "the mother of no-brainers."

Even USA Today said in their editorial:

Compromise is an essential part of democracy, but negotiating with Republicans over taxes has become as futile as trying to bargain with the Taliban over whether girls should be allowed to attend school.

That is a pretty stark comparison, I admit, and I may not have gone that far. But, frankly, our Republican brethren seem to hold to their ideology almost as religiously. They see all things in black and white. They act as though they believe those who disagree with that ideology are unpatriotic or heretics, and that the only truth is their truth. What they have forgotten is that negotiating with those with whom we disagree and reaching a compromise is what good governance is all about.

There is another falsehood. Spending is not a Democratic value, as our friends on the other side of the aisle would have us believe, but a Republican reality. It was the reckless spending of Republicans combined with a reckless tax policy and an ideology that let Wall Street run wild, turning a free market into a free-for-all market, that brought us to where we are today.

Let's remember, it was not long ago that the budget was, in fact, balanced during another Democratic administration when we had budget surpluses as far out as the eye could see. The day President Clinton left office he handed the incoming President a \$236 billion surplus with a projected surplus of \$5.6 trillion over the following 10 years.

When President Bush left office he had turned a \$236 billion budget surplus into a \$1.3 trillion budget deficit with projected shortfalls of \$8 trillion over the next decade. He handed the new President an economy that was headed off the cliff into a near depression.

We have spent \$786 billion, unpaid for, on President Bush's ill-advised, wrongheaded war of choice in Iraq because of some false allegations of weapons of mass destruction, a political experiment that distracted us from a war of necessity in Afghanistan, keeping us there far longer than necessary at an additional cost of \$430 billion, unpaid for. The total cost for both wars, unpaid for, was \$1.2 trillion.

The Republican Party that will not now agree to one penny in revenue and demands only more spending cuts has fought to make tax breaks for the wealthy permanent that would cost this Nation another \$5 trillion. They have favored big business and Wall Street in a Tax Code that has resulted in major multibillion-dollar corporations paying no taxes—yes, no taxes at all.

In fact, a detailed Government Accountability Office study of corporate income taxes from 1998 to 2005 showed that 55 percent of large U.S. corporations reported no tax liability for at least 1 of those 8 years. Yet those same Republicans will look us in the eye in defense of their defenseless position and tell us that most individuals do not pay taxes either. What they will not say is that those individuals who do not pay taxes do not pay taxes for a reason: They do not earn enough to pay income tax, and many of them are among the poorest of the poor. Only in Washington could such an indefensible position be accepted as defensible and logical.

Only in Washington could Republicans support policies that benefit the wealthiest at the expense of the middle class. Only in Washington could Republicans tell a construction worker in New Jersey, who has cut his budget to the bone and needs to work another job to pay the bills, that we do not need to end tax loopholes and tax breaks to help pay the Nation's bills; that we only have to cut more spending and give more money to the top 1 percent of the wealthiest in the country who control 45 percent of all of the wealth in America and that they will create more jobs—withstanding the fact that 12 years of tax cuts for the wealthiest created virtually no jobs at all. When Ronald Reagan and Bill Clinton increased the revenue side of the equation, it brought the greatest economic progress in the last half century.

But our Republican colleagues do not let the facts get in the way of their ideology.

The fact is, if Joe the construction worker in New Jersey cut his budget and his spending and has made the difficult choices about what he can afford and what he can't and still can't meet the bills he has to pay with the money he earns, then he has to get a second job or work more hours or find a way to increase his income. Yet our Republican colleagues will look that construction worker in the eye and tell him he doesn't need to earn more, he needs to cut more and then cut again. Cut to the bone, if necessary, but never, never do what needs to be done to increase the revenue side. Only in Washington does such an argument seem reasonable. Only in this Republican Party does such an absurd argument try to make sense.

Never before has America waged two wars at the same time, struggled to invest in our infrastructure to create new jobs—and done so at a time of decreased revenue—and not seen the need at least to discuss the idea of closing tax loopholes and tax breaks for Big Oil and multibillion-dollar corporations. Never before has any party claimed we can do all of that and at the same time balance the budget on the backs of seniors, students, middle-class families, and not even consider the shared sacrifice—a sacrifice that would end tax breaks for multibillion-dollar corporations that in many cases don't even pay taxes. Never before has such illogic passed for logic. But our Republican colleagues will not take yes for an answer. We have said yes to spending cuts, more spending cuts than we have seen in a generation. Now they must say yes to common sense, fair increases in revenue, and choose good governance over political ideology.

David Brooks, the conservative columnist to whom I referred, said, "The members of this movement talk blandly of default and are willing to stain their Nation's honor," meaning that the country will not meet its obligations. We teach our children that you have to meet your obligations, but this movement tells the country you don't have to meet your obligations.

He goes on to say:

If debt ceiling talks fail, independent voters will see that Democrats were willing to compromise but Republicans were not. If responsible Republicans don't take control, independents will conclude that Republican fanaticism caused this default. They will conclude that Republicans are not fit to govern.

I would very rarely agree with Mr. Brooks, but I would agree his observations in this case are absolutely right. This is about not only standing up for the Nation's honor, it is about standing up for the Nation's obligations. It is about standing up to make sure there is a fair and shared sacrifice, not just on the backs of middle-class working families in this country and those who have the least among us. That is the

choice Republicans would have us make. It is a wrong choice for the Nation, and I hope we get to some sense of reality in this Chamber that can help us move forward, have the Nation be upheld in its obligations both here and abroad and not start a ripple effect that will cause an enormous consequence to this Nation's economy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. BARRASSO. I ask unanimous consent to speak for up to 10 minutes, followed by Senator INHOFE for up to 10 minutes.

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

Mr. BARRASSO. We heard the Senator from Georgia talk about the upcoming predictable crisis, and our Nation faces an Olympic crisis right now, and it is a predictable crisis.

Back in 2006, then-Senator Obama called raising the debt ceiling "a sign of leadership failure." So why 5 years later is it now-President Obama who is asking us to raise the debt ceiling, and why is he doing it with no plan on how to pay back the new debt we continue to accumulate?

In his press conference last week, the President called on this party to "go ahead and make the tough choices." When it comes to cutting spending, his allies in Congress refuse to make any choices. The President has attacked this body for not getting a deal done on time. Yet he declined to meet with Republicans about these very issues and about our ideas. According to the White House Press Secretary—the Press Secretary said this was "not a conversation worth having." Well, he has finally agreed to meet tomorrow with leaders from both parties.

The White House and Congress have a choice: Do we want America to be broke or do we want America to be balanced? Facts are stubborn things, and the numbers do not lie. Our debt is swallowing our economy whole. Every day Washington borrows \$4.1 billion more—borrowed over \$4.1 billion yesterday, \$4.1 billion today, and it will borrow \$4.1 billion again tomorrow. That is over \$2 million a minute, every minute. In a single day, Washington borrows enough to buy tens of thousands of new homes. In a single hour, Washington borrows enough to buy 2 million barrels of oil. In a single minute, Washington borrows enough to send 53 students a year to the most expensive colleges in America. In a single second, Washington borrows enough to buy two new Ford Mustang cars. Washington did all of that yesterday, and it will do it all today, and it will do it all tomorrow.

Well, of every dollar Washington spends, 41 cents of it is borrowed. Much of it is borrowed from China. Every American child born today, born tomorrow, and born the next day is born with a debt of over \$45,000. Next year, of every dollar Washington spends, 68 cents will go for Social Security, Medi-

care, Medicaid, and interest on the debt alone.

If those numbers don't sound scary yet, they will. Interest on our debt cost \$196 billion last year. It costs nearly \$23 million an hour. It costs over \$370,000 a minute, every minute. It costs \$6,000 a second, every second, interest alone on our debt. In the time it takes to give this speech, as well as my colleague's previous speech and the speech coming up after that, in those 10 minutes, Washington will have spent millions of dollars on interest payments alone.

The President has railed against tax breaks for private jets. He did it in a press conference last week. He mentioned it six times. What he didn't tell you is that every \$100 of the huge deficit of this year alone—of every \$100, only two cents of that \$100 would be dealt with with the tax he proposes and holds out as the No. 1 thing. What about the other \$99.98? What the President won't tell you is that the interest on our debt costs enough to buy over 100 private jets every day—for the interest we pay on the debt alone. His party wants to end tax breaks for yachts. Yet the interest on our debt would buy over 50 luxury yachts every hour. Most Americans are feeling severe pain at the pump. Yet Washington could buy nearly 2,000 gallons of gas at current prices every second with the money we spend on interest on our debt.

If we, as a nation, continue down this path, Washington will spend all of what it takes in on Medicare, Medicaid, Social Security, and interest on this colossal debt. Everything else, from defense to education, will be paid for on a budget of borrowed money. So where is the money going to come from? How will we ever pay it back? A lot of it will come from other countries, countries that do not always have America's best interest at heart.

Debt isn't just a disaster for the distant future; our debt is so unsustainable and irresponsible that even our military leaders have condemned it. ADM Mike Mullen, Chairman of the Joint Chiefs of Staff, has said the biggest threat to our national security is our debt. The debt is the threat. We do not and we should not take the biggest threat to our national security lightly.

The amount of debt we owe right now today is so high that it is hurting our employment at home. Experts continue to tell us that our debt is costing us millions of jobs. Meanwhile, the Weekly Standard reports that every "stimulus job" costs over \$¼ million. In other words, the White House could have just cut a check of \$100,000 for every American who got a job through the stimulus, and taxpayers still would have come out ahead by \$427 billion. Spending like this cannot create jobs because by nature it makes it harder for the private sector to grow, and no growth means no jobs. Because of this, it is harder for American families to

buy gas, groceries, cars, and homes, to pay tuition for their kids to go to college, and it is harder to create jobs for those kids who will be graduating this year and next year and every year until we get this spending under control.

Everyone seems to claim they understand that the situation is irresponsible and unsustainable. Two years ago, back in February of 2009, the President called experts to the White House. He called them in for what he called a fiscal responsibility summit. In his opening remarks, here is what the President had to say:

Contrary to the prevailing wisdom in Washington these past few years, we cannot simply spend as we please, and defer the consequences to the next budget, the next administration, or the next generation.

Well, I agreed with the President. He was right. So my question to the President is, What have you done about it?

One thing he has done is to call together a debt commission. Late last year, the debt commission released their report on America's fiscal situation, and the findings were sobering. According to the report, they said the problem was real; the solution will be painful; there is no easy way out; everything must be on the table. You know what else they said. They said Washington must lead.

Washington has not led. Instead, the administration has offered nothing but empty promises. As the White House makes promise after promise and speech after speech with no action to back it up, it is clearer than ever that in Washington spoken promises have become broken promises.

This administration's allies in Congress have no plan other than raising taxes. While they claim to have already accepted the idea of cutting trillions of dollars from the budget, I have yet to hear the Democratic leadership endorse any spending cuts. Where is their plan to cut wasteful Washington spending? So far, they have only talked about tax increases that will kill jobs and hurt our economy. Raising taxes will only make matters worse.

The fundamental difference in this fight is more than just practical, it is also philosophical. We can argue over whether raising taxes on this or on that industry will lower the debt or just raise the costs for the American people.

Let me make this very simple. I am not interested in raising taxes to expand and sustain the size and scope of our Federal Government. I want less government, less costly government, and that means I am not interested in ferreting out new ways to tax people or businesses. I am looking for ways to cut spending to shrink the size of government. I want to dramatically reshape government, spend less, do less, and put power back into the private sector. That is how you raise revenue—you slash government, you put people back to work. Washington's persistent push to put our fiscal crisis off until

tomorrow is unacceptable and must end now.

So I come to the floor and say, as someone from Wyoming, where we live within our means, where we balance our budget every year, it is time for this body, this Congress, and this President to sign into law a balanced budget amendment to the Constitution. That is an amendment which would force Washington to live within its means.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, just one comment on the subject at hand, and then I want to talk about something completely different that is very significant happening today.

I listened to the Senator from New Jersey down here. He kept talking about only in Washington what can happen, only in Washington. Yet never was anything said about cutting spending. It was all about passing tax increases, and that is what we will be faced with tomorrow.

(The remarks of Mr. INHOFE pertaining to the introduction of S. 1335 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. BEGICH). The Senator from Colorado.

Mr. BENNET. Mr. President, I ask unanimous consent that the time for debate be extended until 7:30 p.m., with all of the provisions of the previous order remaining in effect.

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

Mr. BENNET. Mr. President, I wasn't going to come to the floor today, but I was in the chair and I have been hearing some of the debate that is going on about this debt ceiling and I decided that, once again, I needed to stand and remind people what this vote is about when we get to it. The Presiding Officer has heard me talk about this before.

Our failure to lift the debt ceiling is not like the United States cutting up its credit card and saying we are not spending money anymore. It is exactly like a household at home, back in Colorado, saying we overspent, we weren't careful, and we are not going to pay the cable bill this month even though we owe it or we are not going to pay our mortgage this month even though we owe it. Those are the kinds of things that in the real world lead in worst cases to bankruptcy but in a lousy case can lead to interest rates going up because the bank says we are not going to let people pay a lower interest rate for their mortgage because they are not a good credit risk. That is exactly what is going to happen to the United States of America if we renege on the full faith and credit of the United States.

That is why I was so pleased to see an editorial today in the Wall Street Journal called "A Debt-Limit Breakout." The Journal observed that:

What this debate needs is a breakout strategy—to wit, Republicans should answer Mr. Obama's tax call by accepting his business tax increases in return for a lower corporate tax rate.

The Journal goes on to observe directly—and by the way, I said this for 2½ years, the last 2½ years in Colorado—"... the U.S. corporate Tax Code provides the worst of both worlds: It makes U.S. companies less competitive" because we have one of the highest rates, if not the highest rate, in the world, "even as it raises much less revenue than advertised." Because there are so many special interest loopholes that even though we have this high rate we are projecting, we are not, as the Presiding Officer knows, collecting the revenue we need.

Finally, the Journal says:

Think about it.

Talking about these negotiations.

On the current path both sides are headed at best for a de minimis deal that makes everyone look bad, at worst for a major political crack-up.

I think the Journal has it exactly right, and I think both of those outcomes are unacceptable to the people of Colorado and should be unacceptable to the Members of this body. A de minimis deal that somehow gets us through this but doesn't actually address the fundamental structural issues we face is unacceptable, and a political crackup is absolutely unacceptable as well not because of the political fate of anybody in this Chamber, but because of what is going to happen to our economy if our interest resets because we have failed to deal with this debt ceiling issue.

I have spent a lot of time in the capital markets and I know that once those interest rates reset, they will be reset for the rest of my life. I am so worried the posturing and the politicking that has been going on in this Chamber is going to put us in a place where we actually run out of time to do the right thing.

I wanted to come down here today to say thank you to two Republicans who came out today. One is Senator JOHN MCCAIN from Arizona who came out with this Wall Street Journal editorial—and, by the way, I ask unanimous consent that the Journal article I have been referring to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, July 5, 2011]

EDITORIAL: A DEBT-LIMIT BREAKOUT

The debt-limit talks in Washington are bogged down in the hedgerows, with some Republicans insisting on a balanced budget amendment that can't pass Congress President Obama insisting on tax increases that Republicans oppose.

We've long favored such a reform, and last year so did the Simpson-Bowles deficit commission and the White House economic advisory council headed by Paul Volcker. But the cause has now acquired no less a convert than Bill Clinton. Speaking Saturday at something called the Aspen Ideas Festival,



the former President admitted that he had once raised tax rates on corporations.

"It made sense when I did it. It doesn't make sense anymore. We've got an uncompetitive rate," he said. "We tax at 35% of income, although we only take about 23%. So we should cut the rate to 25%, or whatever's competitive, and eliminate a lot of the deductions so that we still get a fair amount, and there's not so much variance in what the corporations pay."

We opposed Mr. Clinton's tax increases, not least because corporations don't pay taxes so much as they serve as a collecting agent. But on the rest of Mr. Clinton's riff, Milton Friedman and Robert Mundell couldn't have put it better, though perhaps they'd think that 25% is still too high.

We'd prefer 15% ourselves, but Mr. Clinton is exactly right on the failure of the 35% rate (39% on average including the states) to capture that share of corporate income in government revenue. We wrote earlier this year about Whirlpool, which had an effective tax rate of zero due to its many write-offs. Everyone knows the notorious case of GE.

The average effective corporate rate varies by industry but is far less than the 35% rate, and the injustice is that some pay much less than others if they can afford lobbyists to write loopholes or they invest in politically correct purposes. Anyone not in thrall of class-war symbolism understands that the U.S. tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised. Mr. Obama and Treasury Secretary Tim Geithner have acknowledged this in the past, the President as recently as this year's State of the Union address.

As for the debt-limit politics, this is also a winner. Democrats and Republicans say they've agreed privately on sizable spending cuts over a 10-year budget window. No doubt some of those cuts are less real than others, and future Congresses could rewrite any enforcement provisions passed this year. But Republicans still have an incentive to set spending on a downward path, and Mr. Obama has an incentive to show he is no longer a hostage of Nancy Pelosi as he runs for re-election.

The political sticking point is Mr. Obama's desire for some Republican buy-in on raising revenues. His political left is still sore that he agreed to extend the Bush tax rates through 2012. Thus he's pounding Republicans to agree to eliminate certain business tax deductions that political advisers David Axelrod and David Plouffe have told him will be hard for Republicans to defend. Corporate jets. Carried interest for private equity. Oil and gas. Even LIFO accounting, which few understand but can be made to sound nefarious.

Whatever their individual merits, each of these would be a tax increase on business, and Republicans campaigned last year on not raising taxes. But the politics is different if they can offset these revenue raisers with lower tax rates. That would let Republicans honestly claim they didn't support a net tax increase, even as Mr. Obama could say he raised revenue.

Our own guess is that such a reform would raise far more money than the official scorers would predict, since it would lead to a more efficient allocation of capital and less tax evasion. This would also promote economic growth, breaking out of the austerity mentality driven by debt reduction. If Mr. Obama really is worried that lower federal spending will hurt the economy, then this tax reform is also his best growth policy.

In offering his grand bargain on Saturday, Mr. Clinton included the caveat of "how can they do that by August 2?" Mr. Geithner says that is the date when he can no longer

finagle federal finances to escape a potential default on the debt, or must at least cut some federal spending, to avoid breaching the \$14.3 trillion debt limit.

But where there's political self-interest there's always a way. Both sides could agree to a short-term debt-limit reprieve of a month or two with some spending cuts that everyone agrees on. That would give them more time to cut a larger deal that includes corporate tax reform.

Think about it. On the current path both sides are headed at best for a de minimis deal that makes everyone look bad, at worst for a major political crack-up. Perhaps Mr. Obama wants a crack-up to portray Republicans as extreme. But Republicans should at least call his bluff and answer his demands for fewer business tax deductions by saying yes—in return for lower tax rates.

Mr. BENNET. Senator JOHN MCCAIN came out and said we might not like everything in here, but it makes a great deal of sense and we need a game changer to deal with this debt debate we are having right now. I wish to applaud him for that. When someone comes to the Senate they say a person can have two mentors, one is a Democrat and one is a Republican, but one has to ask the person if they will do it. I asked Senator MCCAIN if he wouldn't mind being my Republican mentor and he thought about it a little bit, he came out on the floor and he said, I will take you to lunch. Even though he didn't exactly support me in my last campaign, he has given me a lot of advice over the last number of months. To see him out here today saying, you know what, we may need to think differently about this, gave me some hope that maybe we are not going to run out of time.

The other person I wish to thank is Senator CHAMBLISS from Georgia who was speaking when I was sitting in the chair and said that everything needs to be on the table. This isn't a time to draw bright lines. It is a time to pull ourselves together, roll up our sleeves and do what is right. We have the outlines of a plan from the deficit and debt commission. I don't love everything in it—no one would love everything in it—but we have to find a way to compromise and come together for the benefit of our kids and for our grandkids, and I think importantly, in the short term, to give American business the confidence it needs to invest again in this economy.

There is \$2.3 trillion of cash sitting on the balance sheets of our Nation's businesses. There may be a lot of reasons for that, but I know one is they are uncertain about our ability to straighten out the fiscal quagmire we face.

We have spent a lot of time on this, but we haven't made a lot of progress and we are running out of time. So I urge all of my colleagues to come to the floor in the spirit of people who want to work across the aisle, who are not interested in drawing these bright lines, and come to a big deal—not a small deal—one that gets to the \$4.5 trillion that the deficit commission recommended or in that direction gen-

erally, and gives us the chance to feel as though we have done something useful for our kids, one that will give us the chance to feel patriotic, that we actually have honored the legacy of our parents and grandparents, and that we have passed along more opportunity to the next generation. I want the Presiding Officer to know, and I know he feels the same way, that we will work with anybody on the other side of the aisle to try to get this done.

Thank you, Mr. President. I yield the floor.

Mr. MORAN. Mr. President, I ask to speak for up to 15 minutes.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. MORAN. Mr. President, it is appropriate that we are here on this July 4 holiday week. I joined a number of my colleagues last week who made it clear it was important for us to be here. Raising the debt ceiling is a significant issue we face, and while I am pleased to see the discussion ongoing on the Senate floor today, we do need actions that speak louder than our words. I say that knowing I am coming here to talk about an issue that we have attempted to bring to the attention of my colleagues in the Senate now for a long time.

We have a looming financial crisis. All the Democratic leadership was capable of bringing up on the Senate floor this week was a sense of the Senate that wealthy Americans should pay their fair share of something.

I suppose we will have a discussion about that, which has begun and will continue for the next few days. But I believe Americans deserve leadership in our Nation's Capital to confront the real fiscal challenges—not just this desire to kick the can down the road and ignore the crisis we face.

In my view, our President and the Senate leadership have failed to lead. They have failed to adopt the President's own Deficit Reduction Commission report. The President has not proposed the results of that report. They have failed to pass a budget in over 2 years. They have failed to introduce a budget even in our committee this year, and the President's budget that he did propose this year is woefully inadequate in addressing the fiscal crisis, the deficits we face.

Crafting a budget is one of the basic responsibilities of Congress, but it has not happened. No country, business, or family can operate responsibly without a budget. I serve on the Appropriations Committee. I would love to have a budget that set the guidelines for us to begin the process of determining how much money we should spend, what things might be increased, decreased, or eliminated. Without a budget, the appropriations process continues to falter and, in fact, it would not be surprising that once again we end up with either an omnibus spending bill or a continuing resolution.

The President and Senate Democrats have said they are serious about dealing with our Nation's debt crisis, but

actions will speak louder than words. The truth is the President's budget and the policies of this administration have made our problems worse.

During the last 2 years, the government has spent more than \$7.3 trillion and increased the Nation's debt in just 2 years by more than \$3.2 trillion. The President is missing and the Senate is dysfunctional. The struggling economy we are experiencing and the financial collapse around the corner is the most expected economic crisis in our lifetime. Yet nothing is being done to stop it.

The cochairs of the President's own Fiscal Commission have said the same thing and have warned that if we fail to take swift and serious action, the U.S. faces "the most predictable economic crisis in its history." They predict such an event could occur in 2 years or less.

It is time to move past empty rhetoric and get serious about confronting the debt crisis. Delaying difficult decisions and simply increasing the debt ceiling once again without making any changes to the way Washington spends taxpayer dollars should not be an option. We cannot afford business as usual.

The President's solution is to raise revenues to balance the budget. But does anyone really believe that increased taxes will be used to pay down the debt or will it just be used for even more spending? History shows that money raised in Washington, DC, results in more spending in Washington, DC.

When families struggle to pay the bills, they do not simply ask for a pay raise; they cut their spending. The revenue increases we need are not tax increases but increased revenues that come from a growing economy.

The last time we had a balanced budget was at the end of President Clinton's term. Yes, there was some spending restraint, and Republicans and Democrats could not get along well enough to agree to spend a bunch of money, but the real reason the budget was balanced was that people were working and paying their taxes. We need a growing economy once again to balance the budget.

Increasing taxes reduces the chances of economic growth and the ability to create more and better jobs. If we increase taxes, we reduce the chance of economic growth and we reduce the chance of more and better paying jobs.

In Kansas, for example, the President proposes we increase taxes on those who own a business plane. Airplanes are a pretty important component of our State's economy, and this proposal would have a devastating impact upon the Wichita economy, which has already suffered the loss of thousands of jobs under declining business in this country.

Now is not the time to penalize a U.S. industry that produces the best quality airplanes in the world. The U.S. and North America ship a signifi-

cant amount of business jets worldwide, more than any other region in the world. But because of the recession, nearly every aircraft manufacturer has had to cut jobs, some up to 50 percent of their workforce.

We see this in Kansas day in and day out, and yet the proposal is to make it more expensive to own an aircraft. This does not punish the owners of aircraft. It punishes the people who work every day to make an airplane.

To turn our economy around and put people back to work, Congress and the Obama administration should be implementing policies that encourage job creation, not diminish the chances; rein in burdensome government regulations; replace our convoluted Tax Code with one that is fair, simple, and certain; open foreign markets for American manufactured goods and agricultural products; and develop a comprehensive energy policy. Yet none of these are being done by this Senate.

Spending more has failed to stimulate our economy. Instead, we should cut government spending to reduce our deficit, cap spending so it does not continue to eat up more and more of our gross domestic product, and balance our budget so we do not get back in this mess once again.

First, it is time to cut government spending and change the way Washington, DC, spends taxpayer dollars. Mr. President, 40 cents of every dollar our Federal Government is spending is borrowed. One hundred percent of our tax revenue is spent on mandatory spending and interest payments on the debt. Everything else—defense, homeland security, energy, education—is borrowed. This year we will collect \$2.2 trillion and spend \$3.7 trillion—a \$1.5 trillion deficit.

CBO, the Congressional Budget Office, now projects that debt held by the public will exceed 100 percent of gross domestic product by 2021 under current policies. This is a 10-percent increase in debt relative to CBO's projections of only a year ago.

The debate over government spending is often seen as one that is philosophical or partisan bickering that always goes on in Washington, DC. And certainly I have heard, all of my adult life, the conversations that go on in Washington, DC, and on the talk shows, and in the newspapers, that talk about Republicans and Democrats arguing about balancing the budget and how much money we can spend, but the reality is this time it is different, and our failure to act will have dramatic consequences on the daily lives of Americans.

This is about whether Americans can find a job, can make their payments on their homes and automobiles, whether their kids have a bright future and can pursue the American dream. This is not a philosophical discussion for Washington, DC. This has real consequences for every American family.

We are not, unfortunately, immune from the laws of economics that face

every nation. The failure to get our financial house in order and borrowing under control will lead to increased inflation, higher interest rates, fewer jobs, and a lower standard of living for every American. Our creditors may one day decide we are no longer credit-worthy, and we will suffer the same consequences that other countries are now suffering that followed that path. We should learn from them.

Secondly, it is time to cap discretionary spending this year and next. We must demand enforceable statutory caps to return Federal spending to 18 percent of gross domestic product, where it has been for almost all of the past 60 years. Current Federal spending is now nearly 25 percent of gross domestic product and remains on track to be high over the course of the next 10 years.

Third, we must pass a balanced budget amendment. This amendment to the U.S. Constitution is the best way to discipline government officials. This amendment would require the President to submit and Congress to pass a balanced budget each and every year, cap Federal spending at no more than 18 percent of gross domestic product, and require a two-thirds vote of the House and the Senate to raise taxes.

Nothing here is unreasonable. Cut spending, cap the percentage of spending to GDP, and pass a balanced budget amendment. When did it become radical or even irresponsible to live within our means? We know what is going to happen if we do not act, and it would be immoral for us to look the other way or to kick the can down the road because the politics of these issues are too difficult to deal with.

Officials from the Obama administration warn that the failure of Congress to raise the legal debt limit would risk default. But the bigger economic threat that confronts our country are the consequences of allowing our country's pattern of spending and borrowing to continue without a serious plan to reduce that debt. Our out-of-control debt is slowing our economic growth and threatening the prosperity of future generations who will have to pay for our irresponsibility.

Our government is not on the verge of a financial meltdown because Republicans will not vote to raise the debt ceiling. We are at the point of financial collapse because Republicans and Democrats have spent money we do not have for way too long. We must use the leverage that raising the debt ceiling now presents to force elected officials to do something they otherwise would not do: curb spending, grow the economy, and balance the budget.

If we fail to respond, if we fail to act as we should, if we let this issue one more time pass for somebody else to solve because it is so difficult, we will reduce the opportunities the next generation of Americans have to pursue the American dream.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. LAUTENBERG. Mr. President, we are here trying to figure out where America goes in the near future, but also where it goes in the long term because the decisions we make here are going to have a long lasting effect.

What we hear and the American people are witnessing over TV is the Republicans are playing with fire, and millions of Americans are in danger of getting scorched. It reminds us some of those who played the fiddle while Rome burned. The Republicans are willing to allow our country to go into default rather than ask the wealthiest among us to pay their fair share.

The Republican side of the Capitol is clear. They say: Don't ask our millionaire friends to contribute anything more to keep our ship of state afloat. Yes, the ride is going to be bumpier for everyone, but that is life. Why shouldn't the middle class pay something, they ask. After all, there are so many of them.

In fact, a Republican Senator was on the floor this afternoon saying the wealthy are overburdened. It is not easy, I guess, to pick out a new car every year, maybe make sure your reservations for your trip abroad are made, and renovations for the house are in order. Life gets complicated if you are rich. These decisions do not come easy.

The Senator who spoke this afternoon complained that the poor and the middle class—and I quote him here—“need to share some of the responsibility.”

So there it is. It is the poor and the middle class who need to sacrifice once again, but not the wealthy. The fat cats sit purring on the front deck while middle-class workers are breaking their backs.

Middle-class workers should not have to explain to their kids why they cannot afford to help them get a college education. Democrats know the way to keep our country strong is to educate every young person capable of learning.

Now, what is the real cost of millionaire protection? This risk is an economic calamity for middle-class families across the country if we make a mistake here as we deal with the raising of the debt ceiling, as we deal with the problems of the budget.

It is time to stop protecting millionaires when so much is needed from everyone who can help this country regain its footing. If the Republicans force default on our debt, it could mean tens of millions of Americans might not receive their Social Security checks. Retirees and disabled Americans on fixed incomes depend on Social Security for survival.

But Social Security is only the beginning. If the Republicans insist on

pushing the government into default, the men and women who wear our country's uniforms may not even get their paychecks. Right now there are 140,000 brave Americans risking death and injury in Afghanistan and Iraq. Do we reduce our responsibility to them because Republicans do not want to burden millionaires?

Additionally, payments to doctors under Medicare and Medicaid could be suspended. Where do the seniors and needy Americans turn then in the event of an urgent medical problem?

At a time when nearly 14 million Americans are out of work and struggling to keep food on the table, unemployment benefits could lapse. We are talking about the possibility of people without incomes, people unable to sustain their basic needs. In addition to destroying the safety net for ordinary Americans, a default crisis would likely threaten America's position as the economic giant of the world, as we see the possibility of widespread panic on Wall Street and the damage to the credit markets that could lead to the loss of millions of jobs across the country.

The question has to be answered: Why are the Republicans willing to walk on this economic tightrope to win favor among wealthy contributors? It is because they do not sufficiently value the human infrastructure that enabled the millionaires to make their millions. They are insisting on protecting tax breaks for millionaires and billionaires.

They want to keep subsidizing big oil companies to the tune of \$4 billion a year in tax breaks. I look at what our leader, the majority leader, has proposed. I am proud to be a cosponsor of a commonsense resolution introduced by Senator REID.

The resolution says: Americans who earn \$1 million or more a year should pick up the shovel and help their country dig its way out of the disaster instead of just playing politics.

The American people see through the Republican games of protecting the rich, while middle-class families lose jobs, homes, and the belief that their children have a chance of success that their forebears dreamt about. In poll after poll, survey after survey, they say we should ask the very wealthy to pay more to reduce the deficit. Yet the Republicans refuse to close outrageous tax loopholes for oil companies that are rolling in profits. We cannot ask them to sacrifice.

Look at what the CEOs of these companies are being paid. ExxonMobil, they made over \$11 billion in a quarter. The CEO made, in 2010, \$29 million. ConocoPhillips, their CEO made \$18 million in 2010. Chevron, the CEO was paid \$16 million in 2010.

The facts are clear and so are the Republican priorities. They do not want the giant corporations and the wealthy to lose their lucrative tax loopholes. The Republicans want to end Medicare as we know it, forcing seniors to pick

up an extra \$6,000 a year for their health care. The question has to be asked: Why are the Republicans trying to slow the economic recovery? Why run the risk of financial collapse just 3 years after the last one? Do they believe destroying the economy now will help them during next year's election? What a terrible thought that is. We heard the minority leader say his No. 1 priority is stopping this President from winning another term.

Our No. 1 priority ought not to be to destroy lives for political gain. It ought to be about restoring our economy, restoring jobs, making sure all Americans can share in what this great country has to offer.

The question lurks: What is it that propels this unyielding refusal to ask those who make \$1 million a year or more to participate some in restoring our economic viability? The bottom line is, avoiding a default crisis requires all to participate or we could witness the failure of a nation that has survived for more than 200 years—200 years as a beacon of freedom, liberty, and democracy—with great risk of substantial failure in the future if we do not raise the debt ceiling.

The Democrats feel the need to protect the basic values that have made this dream heard only in America, over centuries, a reality. Going forward into the future, we have to continue to protect the values we treasure in our society.

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

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

#### AUTHORITY TO MEET

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that if the Finance Committee meets tomorrow at 9 a.m., it be authorized to meet during tomorrow's session of the Senate.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

#### MORNING BUSINESS

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.