screen here in Washington. It makes no sense to me. I want to do the opposite. I think we should respond to these terrible unemployment numbers with a progrowth idea such as a payroll tax deduction for businesses that hire workers. Let's do something constructive, something that adds incentives to actually get our economic engine moving again, especially with the businesses that do it best, which are small businesses.

The idea we would raise taxes right now on small businesses is the very definition of being out of touch with the people back home who actually work for a living and who create jobs for others. As I travel back to Massachusetts—and I do that virtually every weekend—I meet with constituents, and I think I have had over 230 or 240 meetings since I have been elected. The biggest question I am always faced with is: What is going on in Washington? Why do you guys always throw a wet blanket over us, with overregulation, overtaxation, creating a lack of stability and certainty? It is not something that is making a lot of sense back home.

When I hear from small business people back in Massachusetts, they are worried they can't hire more workers. We need to actually create confidence in our small businesses so they will put people back to work. Instead, we are terrifying them with these tax proposals and a lot of the rhetoric they are hearing here today. They do not know what is coming down. They do not know what is next. People up here listening have no clue what is next. What are we in Washington going to do next that will throw that wet blanket on things? Yet we expect them to hire a new employee? It is not going to happen.

In particular, there have been recent calls from some on the other side of the aisle to repeal the LIFO—last in, first out—accounting method, and applying it retroactively, without even reducing the corporate tax rate or doing anything to soften the blow on small businesses. That would be disastrous on those who depend on the current system. As the Presiding Officer knows, our corporate tax rate is already the second highest in the world. If Japan lowers theirs, ours will be the highest. And it is often the small local companies that get punished the most. Yet some here in Washington want to tax small businesses more. I don't get it; I am sorry.

Despite these many challenges, in the past decade this country has seen the creation of more than 300,000 small businesses—companies with 500 employees or less. These small firms and the founders who started them took risks during a time many large companies had been downsizing. As a member of the Small Business Committee, I hear testimony regularly from many of our business leaders expressing the difficulties of the current environment, and I believe we absolutely need to do everything in our power to protect small businesses from the heavy hand of government—the overregulation, the lack of certainty and stability, the potential overtaxation.

In Massachusetts and throughout this great country, small businesses, and especially manufacturers, have been the key to our economic recovery. They are the economic engines in Massachusetts and the rest of the country. They are the lifeblood of our economy. They range from mom-and-pop stores to some of the country's most cutting-edge, high-tech startup companies. How can we tax these job-creating small businesses and then stand on the Senate floor and speak about how awful it is that unemployment is at an all-time high, cloaking it in the language of rhetoric of ''millionaires and billionaires, and corporate jets.'' We all know, even if we do the things we talk about, it doesn't get us close to solving or dealing with the problems.

It is outrageous and, quite frankly, the American people can see right through it. We should be doing better. So I filed the amendment today to say that I, for one, will not support more burdens on small businesses. They already face enough problems and challenges.

The current unemployment numbers that we are all seeing from States across the country should serve as a wake-up call that people are still hurting. They need some relief. They want to do their best, but they are being stifled. That wet blanket is hurting them and stopping them from creating jobs. It should be our No. 1 priority, and I hope it will get the attention and support of every one of my colleagues.

If you care about the survival of your State's small businesses, stop proposing increasing the taxes, increasing regulatory burdens, creating that wet blanket and killing off the incentive to actually go out and hire.

Mr. President, I thank you for your courtesy in the beginning, and 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 12:32 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT—Continued

Mr. KIRK. Mr. President, I ask unanimous consent to speak for 2 minutes as in morning business.

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

VETERANS AFFAIRS AND MILITARY CONSTRUCTION APPROPRIATIONS

Mr. KIRK. Mr. President, I urge Members of this body to support cloture on taking up the debate on the veterans and military affairs appropriations bill for next fiscal year. Chairman JOHNSON and I have put together a completely bipartisan bill which was unanimously supported by Republicans and Democrats in the Senate Appropriations Committee. This bill basically marked its spending level to the level approved by the House of Representatives, that passed the subcommittee, the full committee, and out on the House floor. The bottom line for its budget authority discretionary spending is the bill comes in $1.2 billion below the President's spending request, $620 million below last year's enacted level, and is even $2.6 million below the House. There are no earmarks in this bill.

A few details. The bill does provide $128 billion to support our over 22 million veterans. That is $182 million in budget authority discretionary below the administration's request.

The bill provides $13.7 billion for military construction. That is about $1 billion below the administration's request or $279 million below the House bill.

Our Senate bill cuts or eliminates 24 separate projects, and all of those cut decisions were made in coordination with Chairman LEVIN and Ranking Member MCCAIN from the draft Senate Armed Services Committee bill so that appropriations and authorization are synched up. We also completely denied funding for the building of a new facility to house the current Court of Appeals for Veterans Claims.

The bill also lays the policy groundwork for making further spending reductions in outyears for Obama administration potential requests for funding in South Korea, Germany, and Bahrain.

In short, we believe that this bill should move forward, that the Appropriations Committee should begin its regular work, and because this is a unanimous, bipartisan product from the Senate appropriations bill and it marks to the House level, I urge Members to support cloture on a vote we expect tomorrow morning.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. CARDIN. Mr. President, I take this time to talk about the pending business: the deficit of this country and the looming debt ceiling limit that will be exceeded in August if we don't take any action in the Congress.

First, let me talk a little bit about the debt ceiling. There has been a lot of talk about the debt ceiling as to what is responsible for Congress to do.

We all know that over the last 50 years or so, the debt ceiling has been increased over 80 times. It is done after the fact. That means we have already incurred the liability, and the question is whether we will pay our bills.

The decisions we have to make in regard to our fiscal policies need to be made at the time we consider the budget, but now we have to pay our bills, and raising the debt ceiling is not only a legal responsibility that we have to pay our bills, it is also a moral responsibility and speaks to whether we are willing to live up to our obligations.

The failure to raise the debt ceiling would be irresponsible. It would jeopardize our national security because it would cost taxpayers more money, and it would say to the world that U.S. bonds, which are the safest in the world, are called into question. I think we all should agree we need to make sure we increase the debt ceiling in time so we do not cause those adverse effects to our Nation.

The debt ceiling debate gives us an opportunity to do something about the deficit. Our deficit is not sustainable. By that, I mean if we do not change course, our debt will be too large as a percentage of our economy to be sustainable. We need to deal with spending and we need to deal with revenue and bring them into balance.

The discussions on the debt ceiling could be the opportunity for us to develop a credible plan to manage our deficit, and I certainly hope that is the case, that we come together with a credible plan to manage our deficit. I hope it will be bipartisan, that Democrats and Republicans will work together on a plan. It would not be exactly what either side wants. In fact, we will both have to make compromises. If we do that, if we have a credible plan, I believe it will stimulate our economy and clearly help us create more jobs, which is the best we can do to help reduce our deficit.

To start, we have to understand how we got to this point. Ten years ago, we had surpluses. Ten short years ago, we had surpluses. We were concerned that we might be retiring all of our privately held debt. I was proud to have been part of the Congress that voted on the legislation that brought our deficits down and gave us a surplus and one of the longest periods of economic growth in America's history.

Then, during the previous administration which inherited that large surplus, policies were brought forward to cut taxes, not once but twice. Many of those tax cuts went to our wealthiest people. The United States went to war in two countries and borrowed money in order to pursue those wars—I think the first time in modern history the United States went to war and asked the people to sacrifice by cutting taxes. The end result was large deficits, and when Barack Obama became President, he had huge deficits, unlike George W. Bush, who had huge surpluses. When George W. Bush took the oath of office for the Presidency, our economy was growing jobs. When Barack Obama became President of the United States, we were losing 750,000 jobs a month.

That is the current situation. The situation we face today is we have these deficits we have to deal with. How do we deal with them? We need a balanced approach.

I must tell you that I am proud Senator CONRAD, on behalf of the Democrats on the Budget Committee, has come forward with a credible plan that preserves the priorities of this country to grow and does bring our deficit under control. I am proud to be a member of the Budget Committee. Working with Senator CONRAD, working with my Democratic colleagues, we put together the plan Senator CONRAD spoke about on the floor earlier this week.

First, the most important aspect of Senator CONRAD's budget is that it brings down the deficit by $4 trillion over the next 10 years. It actually has more deficit reduction than the House-passed so-called Ryan plan that the Republicans in the House sent over to us. The Conrad plan that the Senate Democrats have come up with will bring about more deficit reduction and substantially more deficit reduction than the Bowles-Simpson commission had recommended because we are using more accurate numbers.

It would stabilize the debt by 2014. That is a very important point. I think what we are all trying to do is manage our deficit and at the same time help our economy. That is what the Conrad budget does. It stabilizes the debts by 2014, and it starts with reducing domestic spending. When we look at spending generally and what has happened, we are now spending about 24.1 percent of our GDP. The Conrad budget over 10 years would bring that down to 22.1 percent—a substantial reduction in our spending programs. Let me tell you, 22.1 percent would be the same amount of government spending as we were spending during the Reagan Presidency. This is not any radical approach to saying we are going to spend a lot more money. Instead, we are bringing spending down to the level it was when Ronald Reagan was President of the United States.

The budget would also deal with our obligations for mandatory spending. We took major steps to do that in the last Congress. The passage of the affordable care act helped us to put forward a blueprint to manage our health care costs as a nation by providing universal coverage, by investing in health information technology, by investing in wellness programs, by investing in reducing readmissions to hospitals—the list goes on and on. We are getting a handle on health care costs. The CBO says to us that the bill we passed in the last Congress would reduce Federal spending by over $1 trillion over the next 20 years. By reducing health care costs, we reduce Medicare and Medicaid future responsibilities. So we have already taken some steps.

The Conrad budget that the Democrats in the Senate have brought forward will build on that to bring about additional savings in domestic spending. But the important thing about the budget Senator CONRAD has brought forward as compared to the Ryan budget, the Republican budget that passed the House, is that the Conrad budget invests in America's future because it is balanced. We invest in what is important for job growth in America. We continue to make education a top priority so American families can afford to send their children to college, so we invest in improving educational opportunities for all people in our Nation.

The Conrad budget allows us to invest so America can continue to lead the world in innovation. That has been where we have created so many jobs. In my own State of Maryland, I look at where the job growth is, and I see small innovative companies developing ways to protect our Nation in cyber security, I see them finding ways to solve our energy problems, moving forward with health technology—all in innovation, all from the ability to use our creative genius to keep America in the lead economically.

The Conrad budget allows us to continue our investments in NIH in basic research. The Ryan budget does not allow us to do that. There are significant cutbacks in all those areas.

The Conrad budget, which the House and Senate Democrats have brought forward, allows us to invest in our infrastructure—our roads, our bridges, our water systems, our transit systems—so that America can truly be competitive in the future, creating more jobs for the people in this Nation.

The budget also deals with our military spending. Let me tell you one fact that I think the people of this Nation should understand. America spends as much on defense as almost the entire amount spent by all the other nations of the world. It is difficult to see how our Nation can continue to grow the way we want to with so much of our budget tied up in national defense. We need to figure out a better way and one where we can save money. Between 1997 and 2011, the defense budget of our country grew from $254 billion a year to $688 billion a year. What does the Republican budget do? They just increase those numbers dramatically over the next year, 5 years, 10 years. The Democratic proposal recognizes the reality that we can bring our combat troops home from Afghanistan, that we can expect the international community to do more, and we can bring about savings on the military side.

Let me talk about the last major component of the Conrad budget and how it differs substantially from the Ryan budget; that is, the area of revenues. I know there has been a lot of discussion about revenues. What does the Democratic budget do in this regard? It takes our revenues to 19.5 percent of our gross domestic product. That is the same amount that was raised during the Clinton Presidency when we had unprecedented prosperity and job growth in America. How do we get there? How do we get the revenues we need in order to be able to bring this debt under control? Senator CONRAD has given us some direction on how we can do that. He has pointed out that shelters and loopholes need to be closed. These are inefficiencies in our Tax Code today.

I have taken the floor on two occasions recently to talk about some that I think we should eliminate. One is the ethanol subsidy. We had a vote on the floor of the Senate, and the majority of Senators voted in favor of eliminating the ethanol subsidy. Why? Because it is not needed. Ethanol sales are not dependent upon a Federal tax break. Second, it is causing a disruption in the agricultural community. I pointed out that the poultry industry in Maryland suffers from the high price of corn, costing us jobs. Eliminating the ethanol subsidies is a win-win situation. Why not take that money and use it for deficit reduction?

I also pointed out the major gas companies in this country are receiving subsidies from the taxpayers. Their profits in the first 3 months of this year were $34 billion. They certainly don't need the help from the taxpayers. The taxpayers have already given them too much in the price of gasoline at the pump, which has hurt our economy except for the profits of the gasoline companies. So there are tax loopholes, and there are shelters that could be closed that amount to a substantial amount of Federal expenditure. And, yes, the highest income taxpayers, the millionaires and billionaires, is it reasonable or right or fair to expect that they should continue to get these lower tax rates that were temporarily extended under the Bush administration indefinitely when we are trying to figure out ways in which we could bring the budget into balance?

Senator CONRAD has made it very clear that there would be no change from the current tax rates for those families who have $1 million of income or less. I think that is a pretty generous commitment about not changing tax rates, particularly during these economic times.

Let's compare the budgets. The Republican budget, the Ryan budget, says: Look, all the savings are going to come out of the spending side and, in fact, we are going to have some additional tax cuts—asking middle-income families to pay more while our wealthiest enjoy even more tax breaks.

The Democratic budget, submitted by Senator CONRAD, says: We are going to be balanced. Mr. President, 50 percent of our deficit reduction is on the revenue side, but that includes reducing tax expenditures, tax spending. We spend money in the Tax Code, $1.4 trillion a year. I don't understand the difference if we are spending more on housing on the Tax Code or spending money on housing on the appropriations bill. Both should be subject to the same type of scrutiny.

So why aren't we using a similar standard? Well, we have a chance to do that in the Conrad budget—50 percent from revenues, including tax spending, 50 percent from the direct spending cuts. That is a balanced approach. That is a credible approach. It is an approach that will protect our most vulnerable. Our students are protected to make sure we continue our commitment to education and to the cost of higher education through the Pell grants. Our seniors are protected in that we do not do what the Ryan budget would do with Medicare and Medicaid.

Let me remind you, the budget the Republicans passed in the House would change Medicare fundamentally, changing it from a program that guarantees benefits to our seniors to a program where seniors would get a voucher and have to go out and buy from a private insurance company and be at the whim of private insurance companies for adequate protection against their health care needs. It is estimated their health care costs would grow when fully implemented by $6,000 a year. The seniors of Maryland cannot afford an extra $6,000 a year. That will be the difference between an individual getting adequate health care or not.

The Conrad budget rejects that type of radical change in our Medicare system. The Ryan budget would require the block-granting of Medicaid to our States. Our States are already burdened. The chances of them being able to maintain their commitment to young people who depend on the Medicaid system, our seniors who depend upon it for long-term care, is very remote. The Conrad budget protects those programs to make sure we live up to our commitments to provide adequate protection to our families and seniors.

Social Security is protected in the Conrad budget because Social Security didn't cause the deficit. Social Security should be considered outside the budget debates, and I think more and more of the Members are now coming to that conclusion.

Let me mention one other point I think is very important about the Democratic budget that Senator CONRAD has brought forward. It recognizes our Federal workforce. I know my colleague is particularly concerned about that representing the State of Virginia. I am particularly concerned about that representing the people of Maryland. We have a lot of dedicated Federal workers who have devoted their careers to helping this Nation by protecting our Nation in their service in homeland security or protecting us in regards to how they deal with health services or how they deal with our veterans. These are dedicated people, and they have already contributed to this deficit reduction. Two-year pay freezes have already been implemented. They have already done their share in helping us bring our budget into balance. The Conrad budget, I am proud to say, says that is enough. Let's not jeopardize our Federal workforce by reducing their compensation package in addition to the freezes. It shows we can do it that way.

Take a look at the Ryan budget that the Republicans have sent over. It contains major reductions in the compensation packages going forward for our Federal workforce. There is a better way. The better way is the Conrad budget.

Quite frankly, we have a choice. We have a choice on whether we are going to move forward and how we are going to move forward. I strongly support a credible plan to deal with the deficit. As I said, we need to get our deficit under control, but we can do it in a way that preserves opportunities for all Americans, creates job opportunities that are desperately needed for our Nation, and protects America's most vulnerable. To me, that is maintaining America's future. That is giving us the best hope so our children and grandchildren will enjoy the opportunities of this great Nation, and that should be the guiding force for our work.

I certainly hope my colleagues will work together so we can come together for the future of this Nation.

With that, I would suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. KLOBUCHAR). Without objection, it is so ordered.

Mr. BLUNT. Madam President, conversations continue today about exactly how we are going to meet the financial obligations our country faces. A fundamental question on hand seems to be do we borrow more and spend more or do we make the serious decisions that will get our Nation back on sound financial footing.

Today, our national debt stands at over $14 trillion. Unemployment continues to rise, with more than 14 million Americans out of work now, and the government continues to spend more money than it collects, or that I believe it should collect.

As the cochairs of the President's own fiscal commission have warned, if we fail to take swift action, the United States faces, according to them, the most predictable economic crisis in history. A quote attributed to many people, including my fellow Missourian Mark Twain, would be that it is hard to make predictions, especially when you are talking about the future. But the easiest to predict is demographics. If you know how many people are here now and have all the other demographic information you need, you should be able to figure out what the population is going to look like.

As the population gets older, our programs for seniors will cost more. At his news conference yesterday, President Obama was asked about Social Security reform. He said, in a statement that I didn't quite understand, that Social Security is not the source of our deficit problem. Then he went on to say that the reason we do Social Security in the debt ceiling plan is to strengthen Social Security, to make sure benefits are there for the seniors in the outyears.

I agree totally. This is the time to deal with Social Security—particularly the time to deal with it if you are going to deal with Social Security in a way that doesn't impact anyone who is retired or who is approaching retirement. The President went on to say the Republicans want to talk about Social Security as part of a broader deal because it is politically difficult to vote on.

I actually think a lot of Democrats and Republicans want to talk about Social Security because we know now is the right time to save it. If you are going to save it for future generations, you have to start sooner rather than later.

Our colleague, Senator BAUCUS, chairman of the Finance Committee, said during a hearing in May on deficit reduction and Social Security:

> Addressing our deficits and debt is an economic issue, a national security issue, and a moral issue.

He went on to say:

> We have a moral obligation to leave this place better than we found it.

I agree with his quote. If we are going to leave Social Security better than we found it, we have to begin to work on it right now. Each year, Social Security costs are higher. This year, they are going to be 3.6 percent higher than last year. That is a 1-year increase—3.6 percent in 1 year. The workers-to-beneficiary ratio—and we know how Social Security works, with people paying in who largely fund the money going out today. The people paying in in 2035 will be 2.1 for every person working.

In the current system, there is no way the pages on the floor today are going to be able to pay half of whatever the average recipient gets. But that is what you would have to do if we don't change the system.

We have to deal with the deficit facing Social Security. I think we need to deal with that now, whether it is politically difficult or not; otherwise, there won't be a Social Security Program that works for the people who are paying in today. Social Security no longer collects what it spends. We have a $45 billion deficit, or a shortfall, in 2011, and the truth is that we are still cashing in the IOUs to Social Security, and we will do that as long as they are there, but eventually those IOUs will run out as well.

Over the next 10 years, it is projected that we will spend $447 billion more than comes into the Social Security trust fund. According to this year's Medicare and Social Security trustees report, Social Security is now operating under permanent annual deficit for as long as they can calculate. Permanent annual deficits won't work, so what would work?

Today, I want to discuss a plan to put Social Security on a path that means our children and grandchildren can have confidence that the contributions that come out of their hard-earned paychecks will result in benefits when they retire. Ask people you know at work who are in their twenties and thirties if they expect to collect Social Security benefits. Just under 26 percent of voters under 40 believe it is even somewhat likely they will receive all their promised Social Security benefits—26 percent believe it is somewhat likely—not absolute but somewhat likely.

And just to give you an idea, 15 percent of people believe Social Security will be fine if it is not reformed—15 percent—while 20 percent of people polled believe aliens exist and live among us. So the number of people who believe aliens exist and live among us is higher than the number of people who believe Social Security will be fine if it is not reformed.

The last time the Senate and the House made comprehensive changes in Social Security was 1983. Well, it is time to do it again. It is time to do it again, and we can make changes in the program that will not affect those who are approaching retirement, though that will be always the charge: They are going to take Social Security from retirees. Well, this is a plan that talks about people who are 55 and younger and no change for anybody who is 55 or older today.

So if you are 55 or older, and you hear the discussion about this plan, it has nothing to do with you. It will not affect your Social Security. So that is the first point. The second point is we would need to look at a new cost-of-living index that is based on the costs that seniors have. The third point is that we need a new distribution formula. If we do those three things, we will have a solvent system for at least seven decades.

In the next 70 years, somebody can look at this to come up with a plan to be sure it goes beyond then. But seven decades is about as far as we can safely predict anything. This would protect the life of Social Security for at least that long as a solvent system.

Most seniors live on a fixed income, and they feel it when their utility bills go up, their health care costs go up, or when their food prices go up. The current cost-of-living adjustment, the so-called COLA formula—calculated by the Bureau of Labor Statistics, known as the CPI or the Consumer Price Index—tracks purchases by working-age individuals. Frankly, what working-age individuals buy may be quite different from what seniors spend their money on, or at least how most seniors spend their money. Many economists believe this causes the CPI to misrepresent the inflation that impacts seniors, and seniors deserve better.

For example, the rising cost of education and childcare are heavily weighted in the current formula. These costs don't often have the same impact on seniors as they do on the working-age population or the younger population. But health care costs and utility bills, as an example, have more impact on seniors and on the budget of seniors than they do on the working-age population.

My plan directs the Bureau of Labor Statistics to develop a more accurate method of calculating COLAs for Social Security recipients. It would move to a chain-weighted CPI that accounts for the purchasing habits of individuals—not of all ages—who are over 65, and health care costs would account for a much larger portion of seniors' spending in this type of index. What seniors spend their money on is what we would be looking at instead of what everybody who is in the working-age population spends their money on.

This plan will eliminate the program's long-term funding shortfall and ensure payments for the next 70 to 75 years. As does the President's fiscal commission, my plan would account for the increase in life expectancy and would call for an increase in the normal retirement age.

Now, remember, primarily these are for retirees who don't believe they are going to benefit from the system anyhow. Most of the people we are talking about who will be impacted don't think the system is going to be there for them. We are trying to ensure it will be. Over time, the retirement age changes to 65 years. That is 1 year younger than the proposal of the President's commission, but I think it is an age that works, and it looks like it is working as we look through these numbers. This means the retirement age will rise slowly for future retirees—3 months for each year from 2022 to 2030. Nobody would be impacted at all until 2022. The person who was going to retire in 2022 would retire 3 months later, and that would be added on every year until 2030. Likewise, the plan would change early retirement benefits from 62 to 64 beginning in 2022. So it only, again, impacts people who get to that age in 2022.

Our current benefit structure is simply not sustainable, and that is why my plan would also modify the current benefit structure to ensure that seniors who earn at or below the 40th percentile receive exactly the same amount of retirement benefits as they would if the program continued exactly as it is today, and a new index slightly reduces benefits that would occur above the 40th percentile.

Wealthier future seniors can plan for their retirement years through personal savings, through retirement plans, through alternative investments, through IRAs, or through employer-sponsored plans. But those who are not in that category would continue to get exactly the same benefit when they retire they would get at today's retirement age.

So back to President Obama's comments yesterday. Let's look at a plan that does the following, President Obama: Let's look at a plan that has no higher rate of contributions, no means test for Social Security recipients, no tax on future beneficiaries but slightly lower benefits and a slightly longer time to work until retirement. The difference is, if you work until retirement, you actually get a benefit.

This is no longer a topic we can avoid, so let's not miss this opportunity. Let's make a promise right now—while we are dealing, hopefully, with big issues—to workers paying the bill today that Social Security will be there for them when they retire.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

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

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

Mr. MERKLEY. I rise today to talk about the significant financial challenges our Nation faces.

It will come as a surprise to no one that the topic of greatest concern is jobs, jobs in partnership with how we manage our deficit and our debt so as to put America on a firm financial footing down the road, put American families back on a firm financial footing.

My mailbox is full from families who have a lot of concerns about the Republican plan for cutting programs that serve working Americans. It is a host of programs that are affected, but I pulled a couple letters to bring with me.

One is Linda writing from Canby, OR. She is a parent of a disabled young adult. She writes:

> My daughter, Nicole, has cerebral palsy and other medical issues. She is dependent on my husband and I for her total 24/7 care. Medicaid is essential because it helps her with medical and dental needs and her mobility. If Medicaid is cut or reduced, many of the disabled will be forced to live in nursing homes or institutions, which as we both know would not be cost effective. Please vote against cuts to our Medicaid system.

Trudy from Keizer, OR, writes a very similar letter about her grandson diagnosed with Asperger's.

The mail goes on and on from citizens who are working-class Americans, have fundamental jobs, often with modest to no health care. They have children and they have grandchildren who will be profoundly affected by the choices we make on health care, the choices we make on education, and the choices we make in terms of creating jobs here in America. So this debate has enormous import for the success of our families, and in the context of that importance, we need to understand how we got to the point we are right now. So let's start with a 10-year view of what has happened. These statistics might come as a surprise to many of you because they are a little bit out of synch with some of the rhetoric we hear on the floor of the Senate.

Over the last 10 years, from 2001 to 2011, we have had a revenue decrease of 18 percent. So revenue has decreased by nearly one-fifth.

On nondefense spending, you will see no bar here either negative or positive; the change has been zero over a 10-year period, zero change. Those are the programs that affect working America, programs that affect unemployment, programs that affect food support, nutritional support, Head Start Programs, health care programs, and training programs so that people can get better jobs.

Then over here we have defense spending up 74 percent. Well, that is interesting because these three bars tell the story of decisions made during the 8 years of the George W. Bush administration.

Over here on revenue, we have breaks that were granted to the best off in our society and that have been fought for vigorously—the extension of those breaks—by some of my colleagues across the aisle. Breaks for the best off and revenues down over that 10-year period.

Over here we have the fact that decisions were made for two wars not funded by the American people. That is an anomaly in our history. When we go to war, we raise the funds to pay for it, but not during the irresponsible 8 years of the George W. Bush administration.

So it is not a surprise that we now have a deficit problem and that we now have a debt problem because concrete decisions were made. And these are only part of the story. The rest of the story is that deregulation of mortgages, leading to a vast tsunami of predatory mortgages on working Americans turned into securities that poisoned financial houses throughout the United States and, for that matter, throughout the globe, also contributed to blowing up the economy and driving down the revenue.

So concrete decisions from those 8 years have placed us where we are.

How do we address this shortfall? Well, let's start by looking at how the Republican budget has been laid out with three principal points. The first is to end Medicare as we know it. Well, this plan to create a voucher system in lieu of Medicare is one that, frankly, terrifies every senior citizen in America and every citizen who knows they will be a senior citizen, who knows they have been paying for years into a program with administrative costs that are far more efficient than the general insurance market. But the goal of the Republican plan is to dismantle that efficiency and throw people into the highly inefficient private insurance markets with a voucher that does not rise proportionately with health care costs. I don't think destroying the very successful program to provide Medicare and health care for our seniors is where we should be going. The second part of the plan is to do roughly $4 trillion in cuts to programs for working Americans. The third is to protect all of the programs for the best off in our society, the benefits for the best off.

I think most citizens understand that when we come to a time of national challenge financially, everyone should participate. There shouldn't be the sacred cows for the very best off while the workers are asked to pick up even more of the burden. In fact, let's take a look at a chart that displays how this functions.

The average tax rate in America is 20.7 percent. Let's take the richest 400 in America. The top 400, their average tax rate is 18 percent. Now, why do the richest 400 get the lowest tax rates? That is what Americans have a right to know. Why is it that the Republican plan is asking to cut programs for working America while protecting the bonus benefits for the best off in our society?

These richest 400 earn over $270 million per year—not collectively; that is their average income. Well, wouldn't all of us love to be in a situation where we earn even a fraction of $270 million a year.

And that structure, while reflected here for the top 400, is really a structure for the best off of a high array—a 5- to 10-percent array of the best earners in America.

So those three points—end Medicare as we know it, replaced with a voucher program, cut programs for working Americans, and protect programs for the best off—that is the Republican plan.

The chair of the Senate Budget Committee came to the floor this week with a very different plan, and that plan has the same savings the Republican plan has. Let's take a look at that.

Under this plan, the budget framework includes the same amount of deficit reduction as the House Republican plan—in fact, actually a little bit more reduction: $4 trillion versus $3.9 trillion. So both plans get towards the same objective of fiscal responsibility, but they go about it in very different ways.

First, the Conrad plan tosses away the Republican plan to end Medicare as we know it.

The second thing it does is it puts all spending programs on the table. So let's turn to that piece of the structure. Here we have the Republican plan, and it is all in direct spending cuts, touching none of the programs for the best off that have been carefully embedded in the Tax Code.

Now, every American understands this game: You can fund a project with a $10,000 grant or you can give a $10,000 tax credit that is in the Tax Code or you can give a tax deduction that is worth $10,000, also in the Tax Code—three different ways of accomplishing the very same objective. But the Republican plan is to say: Wait. Let's only do the first of those three strategies because the second and third strategy we have utilized to create the programs for the best off in America, and we don't want to touch those. We want to place this burden on working Americans.

Well, the Conrad plan says: That is not right. There needs to be a conversation about fairness. We know those best off pay the lowest tax rates compared to working Americans, as I just showed in that previous chart—just 18 percent. So the Conrad plan says: Let's take 50 percent of that effort to close the deficit and do it in direct spending, and let's take 50 percent by closing tax loopholes, cutting tax subsidies, cutting tax earmarks, and promoting fairness.

I came to the floor last week to talk about the bluegrass boondoggle. Now, that is not a lot of money in terms of the overall challenge we face as America—$120 million over 10 years—but to a working American $120 million is a lot.

That was a special provision inserted not for companies but for the owners. It was to the individual Tax Code for the richest Americans, millionaires and billionaires who own thoroughbreds. They get a special break the rest of America doesn't get. There is program after program such as that, inserted for the best off. The Conrad plan says all of this spending, whether it has been in the appropriations bill or it has been in the tax bill, is going to be examined. That is a fundamentally fair approach.

Let's look at that in a little more detail, look at what the Conrad budget does in terms of fair rates for the middle class. First, it provides the alternative minimum tax protection for the middle class. Second, it continues tax reductions for the middle class that we have currently. Third, it cancels the bonus breaks for the millionaires and billionaires. That is basic rate fairness.

In addition, it says let's take on those special tax subsidies and tax earmarks that my colleagues across the aisle have been so proud of inserting into the Tax Code to protect the best off in society. Let's examine them and if they do not meet the fundamental test of creating employment, contributing to fairness, and being more important than other programs compared against each other, then they should be eliminated.

In addition, let's take off on those offshore tax havens. There are so many setups in which companies have essentially false addresses in the Caribbean so they can transport their profits to a place where they pay no taxes. Those tax havens, in combination with abusive tax shelters, need to be ended. These are all part of tax fairness and taking on this very important challenge we have in terms of our national deficit and our debt and taking it on in a manner that strengthens the programs that need to be strengthened.

You will find the Conrad budget, in contrast to the Republican budget, says let's invest in education. We are in a knowledge economy world. We must invest in education if our economy is going to thrive and our children are going to be successful.

The Conrad budget, in contrast to the Republican budget, says let's invest in infrastructure. We are falling behind in terms of supporting infrastructure. China is spending 10 to 12 percent a year. Europe is spending 5 percent a year. America is spending only 2 percent and that is barely enough to repair our existing infrastructure. In fact, sometimes those repairs are falling short. I know our county officials and city officials will be glad to provide us with a list of how short we are.

The third area is the Conrad budget invests in energy. Why is energy so important? Because currently we are spending $1 billion a day, sending it overseas, basically as a result of our addiction to oil. When you send $1 billion overseas for oil, you do three things. The first is you create a danger to our national security because of the dependence for our energy on governments in the Middle East and other places around the world that do not share our fundamental interests.

The second is you create jobs overseas spending that money rather than creating jobs here in the United States. Let's spend that $1 billion a day here in the United States of America on red, white, and blue American-made renewable energy. Not only does our security improve but in addition we create the jobs here in the United States.

Third, by ending our addiction to oil we contribute to addressing the carbon pollution challenge faced around this globe rather than being part of the problem ourselves.

Let's not adopt a budget plan that ends Medicare as we know it and replaces it with a voucher program, that savages programs for working Americans, and that protects the programs for the best off in our society. Let's instead invest in energy, invest in education, invest in infrastructure, and obtain the same impact on our deficit but do it in a manner that builds our economy and builds American families. That is the type of program that Trudy from Keizer, OR, wishes to see, Linda from Canby, OR, wishes to see, and workers throughout the United States want to see because they know we should have a plan that creates jobs and builds the success of our families rather than doing the reverse.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, now you hear the other side of the story. It is a privilege for me to come to the floor of the Senate to speak on the issue of the bill before us, which is a sense-of-the-Senate bill, which means basically the Senate is debating something that is not shooting with real bullets. In other words, it just expresses the sense of the Senate, it does not change any law, so it doesn't amount to much.

As the President and congressional leaders continue to debate how best to reduce the deficit, it seems my friends on the other side of the aisle and my President continue to demand a tax increase as part of any deal. For sure, any discussion of reducing the deficit should include a discussion of tax reform, but tax reform is different from tax increases. You heard the previous speaker speak about Republican plans that deal with reducing expenditures, and that is right, because we believe the deficit problem in this country is not because the American people are undertaxed, it is because Congress and Washington overspend. However, what is being discussed with this bill currently is tax increases on targeted groups, supposedly because they can afford it. This is not tax reform.

Professor Vedder of Ohio University has studied tax increases and spending for more than two decades. In the late 1980s he coauthored with Lowell Galloway, also of Ohio University, a research paper for the Congressional Joint Economic Committee. That study found that every new dollar of new taxes led to more than $1 of new spending by the Congress. It did not reduce the deficit then—you raise a dollar, you increase the deficit. I will be a little more specific.

Working with Stephen Moore of the Wall Street Journal, Professor Vedder updated that research last year and came to the same result. Specifically, Moore and Vedder found:

> Over the entire post-World War II era, through the year 2009, each dollar of new tax revenue was associated with $1.17 in new spending.

That is like a dog chasing its tail. Very few dogs catch them, so when you raise a dollar here, common sense might dictate it goes to the bottom line, but it doesn't work out that way. It actually increases the deficit because Congress believes we have a new dollar coming in, let's spend $1.17.

History proves tax increases result in spending increases. We know that increasing taxes is not going to reduce the deficit. History also shows that tax increases do not increase revenues. That is probably contrary to most people's common sense, but I have a chart here that I think demonstrates this very clearly. I will be somewhat repetitive because I want to leave my remarks and go to this chart, and I will refer to it again.

What this chart basically shows is that over a long period of time, going back to World War II to the present, all the taxes coming into the Federal Government have been roughly 18.2 percent of gross national product, but pretty much even-steven across the board. Sometimes it is up a little bit, sometimes down a little bit, but for 50 or more years it is averaging about 18.2 percent of gross national product.

What this chart also shows is—contrary to what you believe, that if you raise taxes you are going to bring in more revenue, and if you reduce taxes you are going to bring in less revenue—that is not true.

That gets to this issue of taxing the wealthy. It gets to the issue of raising taxes on anybody. From World War II until Jack Kennedy, President Jack Kennedy, we had 90 percent marginal tax rates. Then from President Kennedy to President Reagan, we had 70 percent marginal tax rates. Then in the last half of the Reagan administration and up until 1986 it was reduced to 50 percent, under Reagan's administration. Then Reagan had another tax bill and it was reduced to 30 percent. Then of course President Bush the dad made this promise in the campaign:

Read my lips, no new taxes.

But he didn't keep his promise so the taxes went back up to about 40 percent for a period of time until you get to a period when Bush the son comes into office and the marginal tax rate is reduced to where it is now, 35 percent.

But whether you have high marginal tax rates or low marginal tax rates, you get about the same amount of revenue. I am going to be repetitive on that point but it is very important that you understand that.

History shows that tax increases do not increase revenues. The chart here shows that revenue as a percentage of gross domestic product hovers around 20 percent as far back as post-World War II. I said in my off-the-cuff remarks it averaged out about 18.2 percent.

This chart also shows where you have high and low marginal tax rates over those same years. During the last years of World War II, we had a 94-percent tax rate. Then from 1950 through 1963, it was 90 percent, as this chart shows, and under President Kennedy—and I want to emphasize that he was a Democrat—he was smart enough to reduce marginal tax rates to incentivize entrepreneurship. He reduced the marginal tax rates to 70 percent. They stayed around 70 percent until President Reagan brought it down to 50 percent.

Let me say at this point, I gave President Reagan credit for it, but I was a brandnew Member of the Senate Finance Committee in 1981 and we had some very brave Democrats on that committee who believed that 70 percent was too high and it was going to promote entrepreneurship more if you reduced it to 50 percent. President Reagan gets credit for it. I don't think any Republican on the Senate Finance Committee could take credit for it because we would have been accused, as we have just been accused, of wanting to reduce taxes on wealthy people, so thank God there were a lot of smart, intellectually honest Democrats on the Senate Finance Committee in 1981, who said the tax ought to be reduced to 50 percent. Well, then it went down to 30 percent when we reduced marginal tax rates further during the Reagan administration. Then, as I said before, the first President Bush reneged on his promise to not raise taxes, and the marginal tax rates went back up to 40 percent and stayed there until the tax relief enacted under the second President Bush. During all of these tax increases and decreases, the amount of revenue as a percentage of GDP stayed roughly flat, with a 50-year average of 18.2 percent.

So everybody thinks that if you raise the marginal tax rates, you are going to bring in more revenue—seemingly common sense but not true because the taxpayers, the workers in America, the investors in this country that create jobs are smarter than we are, but we don't think they are smarter than we are. And we have had 93 percent marginal tax rates, 70 percent, 50 percent, 30 percent, back to 40 percent, now 35 percent. Regardless of that rate, we get roughly the same amount of revenue. Higher tax rates just provide incentives for taxpayers to invest and earn money in ways that result in the least amount of taxes paid or you might say it this way: Some people just say to themselves that they are not going to work hard because why should I work so darn hard if I am going to send the money to Washington for people in Congress to spend and waste? In other words, taxpayers have decided they are going to give us politicians in Washington just so much money to spend, and it comes out about right here.

We ought to have some principles of taxation that we abide by, and I abide by this principle that 18 percent of the gross domestic product of our country is good enough for the government to collect and to spend. That leaves 82 percent in the pockets of taxpayers for them to decide how to spend. When you send money to Washington with 535 of us deciding how to spend it, it doesn't do as much economic good or turn over as much in the economy and create jobs as it would if it was left in the pockets of the 130-some million taxpayers individually to decide how to spend it.

This benchmark of 18 percent of gross domestic product is good, and it has been consistent throughout recent history. It is a principle we should keep in mind while we debate Tax Code changes.

This level of taxation—another reason I say it is justified is it has not been harmful to the economy, as higher tax rates such as we find in Europe are harmful to the economy—much higher tax rates than we have in this country—and it seems to be a level of taxation that there has not been a great deal of revolt by the taxpayers of America against.

There is another principle I would like to have you keep in mind; that is, What is the purpose of tax law? Those who support bills such as the one we have here currently debated, this meaningless bill, assume that the key objective for our Federal Government through the Federal income tax laws should be to ensure that income is distributed equally throughout the country as opposed to government taxing for the purposes of government but not for the purposes of the redistribution of wealth. In other words, the authors of this bill believe the Federal Government is the best judge of how your income should be spent.

Bills such as the one we are considering today assume—I say it for a second time—assume that 535 Members of Congress know how to best spend the resources of this country, and presently that is about 18 percent, but that is not enough. Well, actually, they are spending more than 18 percent because the expenditures of this country add up to about 25 percent of the gross national product from the Federal Government because we borrow 42 cents out of every dollar we are spending today.

It assumes that government creates wealth and should therefore spread it around the way they do in Europe. In fact, government doesn't create wealth; government consumes wealth. Only workers and investors, laborers, and people who provide capital and, in turn, people who use their brain to invent and create, is what creates wealth. Yet, as history shows, there is evidence that tax increases lead to more spending—and I quoted Professor Vedder—and that revenues as a percentage of gross domestic product pretty much stay the same regardless, even if the marginal tax rates are very, very high.

It would be one thing for me to vote for a tax increase if it went to the bottom line: reducing the deficit. It is quite another thing to vote for a tax increase that just allows more spending and raises the deficit instead of getting the deficit down.

The resolution before us now in the Senate requires us to concede ''that any agreement to reduce the deficit should require that those earning more than $1,000,000 per year make a meaningful contribution to the deficit reduction effort.'' The bill does not state that such a ''meaningful contribution'' would be accomplished through tax increases, but how else would the authors of this bill and the taxpayers intend to or make such a contribution?

Let me make clear that I do not support this bill and will vote no on its adoption. However, I think it is a good thing we are debating such an issue. It is clear that those who support this bill believe those earning more than $1 million per year are not paying their fair share. Note, however, that just last year, these very same people believed that a single person who earned $200,000 or a married couple who earned $250,000 weren't paying their fair share.

In evaluating whether people are paying their fair share, experts frequently look at whether the proposal retains or improves the progressivity of our tax system.

Critics of lower tax rates continue to attempt to use distribution tables to show that tax relief proposals disproportionately benefit upper income taxpayers. We keep hearing that the rich are getting richer while the poor are getting poorer, don't we? Almost every day. This is not an intellectually honest statement, as it implies—what does it imply? It implies that those who are poor seem to stay poor and that those who are rich seem to stay rich. So I want to dispute that position.

In 2007, the Department of Treasury published a report entitled ''Income Mobility in the United States From 1996 to 2005.'' The key findings of this study include the following:

There was considerable income mobility of individuals in the U.S. economy during the period 1996 through 2005 as over half of taxpayers moved to a different income quintile over this period.

Roughly half the taxpayers who began at the bottom income quintile in 1996 moved up to a higher income group by the year 2005.

Among those with the very highest incomes in 1996—the top 1/100 of 1 percent—only 25 percent remained in the group in 2005.

One in four 10 years later. So the poor aren't always poor and the rich aren't always rich.

Moreover, the median real income of these taxpayers actually declined over this period.

The degree of mobility among income groups is unchanged from the prior decade (1987 through 1996).

So I used the group 1996 through 2005, and I am comparing it with the group 1987 through 1996, so I want to repeat that the degree of mobility among income groups was unchanged over a 20-year period of time.

Continuing to quote:

Economic growth resulted in rising incomes for most taxpayers over the period of 1996 through 2005. Median income of all taxpayers increased by 24 percent after adjusting for inflation. The real incomes of two-thirds of all taxpayers increased over this period. In addition, the median incomes of those initially in the lower income groups increased more than the median income of those initially in the higher income group.

Therefore, whoever is saying that once rich, Americans stay rich, and once poor, they stay poor, is purely mistaken because America is a country and land of opportunity.

Now, I want to say that the Internal Revenue Service data supports the analysis I just gave. I was done quoting at that point.

A study of 400 tax returns with the highest income reported over 14 years—and I don't know whether these are the same 400 taxpayers my friend on the other side just referred to in his speech, but a study of 400 tax returns with the highest incomes reported over 14 years, from the year 1992 to the year 2006, shows that in any given year, on average, about 40 percent of the returns that were filed were not in the top 400 in any of the other 14 years. I got the impression that the top 400 taxpayers in the previous speech were maybe always the same people, but 40 percent were not in that group.

The so-called shared sacrifice bill before the Senate now does not acknowledge these trends; hence, I think it is intellectually dishonest. It presupposes that anyone making more than $1 million should be contributing more to reduce a deficit that they likely did not create in the first place. We created it.

The bill assumes that the folks in this income category have always made more than $1 million, that they haven't paid their dues on their way up the ladder of success and, as a result, should pay a penalty for their current success even if they are on the way down the ladder. The bill also assumes these folks will continue earning what they are earning now.

As I just noted, however, the Treasury report and the IRS tax data contradict this position.

I welcome this data on this important matter for one simple reason: It sheds light on what America really is all about, what this great country is all about—vast opportunities. Of course, as I just said in these statistics, but you can see it in a lot of different ways as well, we are a country of great economic mobility. This country is built by people from all over the world. Our country truly provides unique opportunities for everyone. These opportunities include better education, health care, financial security, and probably a lot of other things. But, most importantly, our country provides people with a freedom to obtain the necessary skills to climb the economic ladder and live better lives. We are a free nation. We are a mobile nation. We are a nation of hard-working, innovative, skilled, and resilient people who like to take risks when necessary in order to succeed. We have an obligation as lawmakers to incorporate these fundamental principles into our tax system.

On another matter in this debate, we have also heard much about ''closing loopholes.'' Well, that sounds good. I don't want to tell you how I believe that ought to be done. There are things that are legal, and there are things that are not legal. There are things that are legal and there are things that aren't legal. Let me say if there are, in fact, loopholes to be closed, I would support closing them.

During my tenure as chairman and then ranking member of the Finance Committee, I worked with colleagues from both sides of the aisle to cut off tax cheats at the pass. The American Jobs Creation Act signed into law in October of 2004 included a sweeping package to end tax avoidance abuses such as corporations claiming tax deductions for taxpayer-funded infrastructure such as subways, sewers, and bridge leases; corporate and individual expatriation to escape taxes; and Enron-generated tax evasion schemes. We closed them.

One of the tax avoidance provisions the jobs bill shut down was so-called corporate inversions. Average workers in America can't pull up stakes and move to Bermuda or set up a fancy tax shelter to avoid paying taxes. Companies that do this make a sucker out of workers and companies that stay here in this great country and pay their fair share of taxes. So that was closed. Corporate inversions, we called that.

We also closed loopholes used by individual taxpayers. The jobs bill contained a provision that restricted the deduction for donations of used vehicles to actual sales price. Prior to that fix, individuals were claiming inflated fair market values before they gave their car to a nonprofit organization.

Then in the Pension Protection Act, which was signed into law in August of 2006, I championed reforms to deductions for gifts of ''fractional interests'' in art as well as donations to charities that were controlled by the donor. Because if you give money away, it ought to be given away. A person should not be able to control it after they give it away. The same way with art. In both cases, individuals were taking huge deductions for donations without providing equivalent benefits to the charities to which they donated.

In addition to ensuring income and deductions are properly reported, I also supported giving the Internal Revenue Service more tools to go after tax cheats. The jobs bill contained provisions that required taxpayers to disclose to the IRS their participation in tax shelters and increased penalties for participating in such tax shelters as well as not disclosing such participation to the IRS.

I also authored the updates to the tax whistleblower provisions included in the Tax Relief and Health Care Act which was signed into law in December of 2006. There was a whistleblower statute long before that, but because of the low dollar threshold, it encouraged neighbors to blow the whistle on their neighbors. So the 2006 changes I championed increased the awards for those blowing the whistle on the big fish—individuals and businesses engaged in large-dollar tax cheating through complex financial transactions.

I don't know why it took the IRS so long to get this law under way because they have had plenty of whistleblowers come forward, but we have only had one time so far—I think we will get a lot of others now—but we have only had one time so far under this provision, which was instituted in April of this year, and we recovered $20 million for taxpayers that otherwise would have been lost to fraud—from one company.

These are just a few examples of my support for provisions to stop abuses of the Tax Code to make sure everyone pays their fair share. If and when we get around to considering comprehensive tax reform, I look forward to shutting down any other abuses that exist. But first we need to be clear on what a loophole is.

Itemized deductions are just that: itemized deductions. They are not loopholes. Similarly, deductions and tax credits that enable a corporation to zero out its tax liability are not loopholes. For instance, if a person had a loss last year, they can carry it forward to this year. The question of whether deductions and credits should be limited is a question that should be answered not to raise revenue but in the context of comprehensive tax reform. Eliminating deductions and credits for certain taxpayers should be subject to extensive review and extensive debate. Taxpayers should not be targeted for tax increases for political sport, as this resolution before us does.

I wish to finish by summing up in three points, very quickly. First, according to this chart, tax increases don't—well, not according to this chart. That is the second point I will make. First, tax increases don't reduce deficits and they don't increase revenue as a percentage of GDP.

Secondly, we ought to have some principles of taxation. First of all, this chart shows that we get about the same amount of revenue coming in over a 50-year period of time—about 18.2 percent of gross national product. We have high marginal tax rates, really low marginal tax rates, but it still brings in about the same amount of revenue.

Second, we ought to have some principles of taxation that we abide by. Limiting revenues to the historical average of 18 percent of GDP should be one, while ensuring income equality should not be one. In other words, we raise revenue for the purpose of funding the functions of government, not to redistribute wealth.

Last but not least, it is right to consider tax reform when discussing deficit reduction. However, the proposals put forth so far, including the current bill, are political proposals—not reform proposals. Tax reform requires Presidential leadership, and we are just now seeing that. I mean, we are not seeing it on tax reform, but we are finally seeing it on deficit reduction. But I don't think it is going to last very long.

Madam President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Will the Senator withhold his request?

Mr. GRASSLEY. Yes.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. NELSON of Florida. Madam President, I ask unanimous consent to speak as in morning business.

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

FLORIDA'S CITRUS CROP

Mr. NELSON of Florida. Madam President, I will speak on this bill before us tomorrow and matters about the budget, the deficit, and how it ought to be solved, and it has to be solved. I will reserve comments on that until tomorrow.

In the meantime, what I wish to point out to the Senate is that we had a very significant benefit to not only the Florida citrus industry but to the worldwide citrus industry, because there is a bacterial disease and, of all things, it is called citrus greening. Well, it is anything but that, because what it does is it kills a citrus tree within 5 years. It has infected every grove in Florida.

When I say the worldwide citrus industry is being threatened, I mean just that. This strain of bacteria came somewhere from Asia and has been imported not only into the United States but into a lot of other countries that have moderate climates, warm climates, humid climates. There is another version that came from a different part of the world that is not as virulent. But what happens is this bacteria that has now been brought into this country—it is in Brazil as well, another major citrus-producing country—and it is carried by a little insect called a psyllid.

The little psyllid carrying this bacteria bites into the tree, the bacteria gets into the sap, and it will kill the tree in 5 years, and there is no known cure. Well, if it is going to kill a tree in 5 years, we can see the potential for the destruction of what we have come to think of as standard fare—that we are going to have orange juice on our breakfast table, and that those who enjoy the mild elixirs and mix certain elixirs with orange juice—called maybe mimosas, whatever—that this is going to be a thing of the past if we don't get serious about finding a cure for this disease.

The reason it is so extraordinarily lethal for the United States and for the State of Florida is the fact that since every grove has been affected, and since almost all of our orange juice that we consume in domestic consumption in the United States—I say almost all; the biggest percentage comes from Florida, and some of it, a little bit, from California; mostly the juice that is added to Florida juice comes from Brazil, but when there is a bumper crop in Florida, they don't have to ship it in, in refrigerated ships from Brazil—we are going to have a whole way of life, a whole tradition, we are going to have domestic consumption that is threatened if we don't come up with a cure.

The Florida citrus industry, to its credit, has been taxing itself—the growers—to produce a stream of revenue that will allow it to continue the research to try to find a cure. We have gotten some limited amount also from the U.S. Department of Agriculture, and supplementing all of that with back at the time when we could make a specific appropriations request, otherwise called an earmark, this Senator certainly was asking for appropriations to help find a cure to this dread disease. We haven't found the cure, and we have to have a stream of revenue to keep this going.

Since it is so difficult to pass anything around here these days—even the citrus trust fund I filed last year, we had a whole bunch of cosponsors. But this year, of course, we are all wound around the axle here on passing anything if it has to do with the budget. So what I did was go to the U.S. Department of Agriculture and I asked for help. We have to have some help immediately. Fortunately, the administration—and I talked to the Chief of Staff of the White House about how dire this situation is. We can't wait. So they announced yesterday they are releasing $2 million immediately that will go into the USDA Research Station at Fort Pierce, FL, for the remainder of this fiscal year. In the next fiscal year, assuming the competitive grants fund is funded by the Congress for the Department of Agriculture—which we have to assume is going to continue—the USDA has set aside an amount of $5 million in the next fiscal year, starting October 1, that will go directly into this research, and they have agreed to set aside in the following 2 years $2 million, $2 million in each of those years, so that we have a steady stream of funding of $11 million for research specifically for citrus greening.

California may have this bacteria. If Texas doesn't have it, it is just a matter of days or months, and the same with the citrus that is grown in Arizona. Of course, in a country such as Brazil, it is to their credit some of the citrus growers in Brazil have actually contributed money to our U.S. research institutions trying to find a cure, because Brazil has the same problem. They have it in a lot of their groves. The big difference between the Brazilian citrus industry and the United States is that they have more land, so they can mow down and burn a citrus grove and go over and clear new land that is unaffected and go on and start a new grove.

You don't have that luxury. We don't have it in any of our citrus-growing States in the Sun Belt, and certainly we don't have the luxury in Florida to go out and find new land to plant new citrus groves.

This is a very significant departure and a welcome new announcement by the U.S. Department of Agriculture that they will be sending $11 million over the next 3 years specifically dedicated to finding a cure for citrus greening before it is too late.

Citrus growers can prolong the life of a grove by doing certain spraying and so forth, but at the end of the day the tree is going to die, and they are not going to produce any oranges for orange juice and no grapefruit for the grapefruit we enjoy.

Just so the rest of the Senate will understand, this industry is part of us as Floridians. We have, even on our license tags in Florida, an orange. We have an industry that has been a mainstay of our economy for years and years. Of course, because of the forward thinking, the Florida Citrus Commission, in the late forties, fifties, and sixties made orange juice become a wanted and acceptable commodity on most every American breakfast table. And it is threatened. It is up to us to do something about it.

I was particularly thankful to the administration that they would come up with the $2 million immediately because, in addition to the growers taxing themselves on a per citrus box produced assessment, they were counting on the State of Florida to produce a $2 million appropriation to go into a $15 million research fund, and this year, lo and behold, the Governor of Florida vetoed that in the appropriations bill. So the replacement of that vetoed item by the Governor, with this Federal money from USDA, considered an emergency allocation, is welcome, timely, and it is much appreciated by all of the aficionados across America that enjoy orange juice as a staple in their diet.

I yield the floor and suggest the absence of a quorum.

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

The assistant editor of the Daily Digest proceeded to call the roll.

Mr. NELSON of Florida. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SPACE SHUTTLE LAUNCH

Mr. NELSON of Florida. Madam President, let me just say that with the last space shuttle launching last Friday—and it was a beautiful launch—of course, the expertise of the finest launch team anywhere in the world was very evident. When they got down to T-minus 31 they saw an indication on the controls that there had not been a retraction of one of the arms, which is a servicing arm, but they were ready for that, and as it turned out, it was a faulty sensor. Of course, the way they checked is they have cameras all over the launch tower. So they turned the cameras on and trained them over there and saw that it had, in fact, retracted and was pulled into a safe position. So with only 53 seconds left in the launch window—the window being that they had to launch the shuttle at that time so that it, once in orbit, could catch up with the space station, which was its destination, with 53 seconds to go, the count continued then, starting at T minus 31 and went down to a flawless launch and flawless flight, as they are now docked with the space station, and as they are now transferring this 20,000 pounds of cargo and equipment and supplies that will keep the International Space Station supplied for the next year.

I don't think people realize how big the International Space Station is. It is 120 yards long. If you sat on the 50-yard line of a football stadium and looked from the end of one end zone all the way to the other, that is how big the International Space Station is that we have built with another 15 national partners. Primarily, our partner in building it was Russia. Of course, you remember that the iteration before the International Space Station was originally the Soviet space station that became the Russian space station called MIR, which we used to fly our astronauts with the space shuttle to the Russian space station. So the Russians have been our partners.

Remember, when we have been down—for example, after the destruction of the space shuttle *Columbia* in early 2003, for over 2 years we would not fly the space shuttle as we went through and made the corrections that had caused the destruction of *Columbia* and the loss of seven astronauts. We relied on the Russians to get us to and from the space station.

The sad thing is that the new rockets that we are building to go to and from the space station—there is one version of those rockets that, in fact, is going to fly later this year, rendezvous and dock with the space station and deliver cargo. But it has not been human rated. To do that, we have to go through and put in all the redundancies for safety, all of the escape mechanisms on the capsule, and once that is done this will be a rocket that will be much safer than the space shuttle—as a matter of fact, we can save the crew even from—if they had an explosion on the pad, the crew can safely eject in the escape rocket with the capsule parachuting to safety, all the way, 8½ minutes to orbit—if they had a malfunction.

Contrast that with the space shuttle. When we saw *Atlantis* lift off, for the first 2 minutes there is no escape. You are married to those big solid rockets. If there is a failure then, there is no way out for the crew, and, as we saw, that was how *Challenger*, 25 years ago, was destroyed. They had a malfunction in one of the rockets. It caused the whole thing to explode—one of the solid rockets—within the first 2 minutes of flight.

We are going to have a much safer way to get to and from the space station. The sad thing, however, is that the rocket for humans is not ready. It is going to take about another 3 years. Therefore, it is sad that with all of that finest launch team in the world at the Kennedy Space Center, a good part of them are having to be laid off. That employment will ramp up over the next several years as we build and launch those kinds of rockets.

There is another set of human-rated rockets. I am talking about the manned space program now, not the unmanned. This year we are going to Jupiter. Later on we are getting ready to launch a Volkswagen-size rover that will go to the surface of Mars.

Do you know what those little rovers have done over the last number of years? They have gone, like the energizer bunny, all over the surface. This one is going to be the size of a Volkswagen. So we have these kinds of mixes going on, but the human space program—the next big one to get NASA out of the Earth's orbit is the rocket that we are developing, a monster rocket. The capsule contract has already been let, and we are now going on in the process of—pursuant to the NASA law we passed last year—proceeding with the design and building of this rocket, which will take us, on the goal set by the President, to Mars with interim stations along the way. He has suggested an asteroid—to rendezvous and land with an asteroid by 2025. We have a vigorous space program going ahead.

Senator HUTCHISON, who has been a wonderful partner in helping set NASA policy in all of this, and I are going to have something to say about this in the next few days because we think there is a holdup in the Office of Management and Budget with regard to the rocket design and the architecture for the big rocket. We are wondering why this delay keeps occurring. But we will talk about that in the later session.

With that, I yield the floor.

Mr. RUBIO. Madam President, had I been present to vote on the motion to proceed to consider S. 1323, I would have voted no.

There is broad consensus in Washington that a ''balanced approach'' between spending cuts, controls, and increased revenue is the only possible way to reduce our $14.3 trillion national debt and avert a Greek-style debt crisis. I share this perspective.

As the ongoing debt negotiations advance, Members of Congress should evaluate the components of a debt package through one question: Will this make it harder or easier for the American people to create jobs? For my part, I have never met a job creator in Florida that has told me they are waiting for Congress to pass another tax hike before they start growing their business.

Unfortunately, as evident by S. 1323, some in Washington believe higher revenues in a debt package should come from massive tax increases, even at a time when the unemployment rate is 9.2 percent and 25 million Americans are unemployed or underemployed. I vehemently disagree with this approach and will oppose a net tax increase on the economy that makes its way into a debt reduction deal.

To be clear, new revenues are an essential component of debt reduction. We can't simply cut our way out of this debt; we also need to grow our way out of it. The best way to do this is by increasing the number of taxpayers gainfully employed in our economy and by easing burdensome regulations, not by raising taxes.

We can generate lasting economic growth and trillions in new revenues for the Federal Government through pro-growth tax reform. Senator PAT TOOMEY has a budget proposal that lowers top marginal tax rates to 25 percent in a revenue-neutral way and eliminates loopholes and deductions, resulting in $1.5 trillion of additional real growth over the next decade and millions of new private-sector jobs, according to the Heritage Foundation. His budget recognizes that tax cuts and an overhaul of our 70,000 page Tax Code will create jobs and generate trillions in new revenue.

Net tax increases are poor economic policy. Will raising taxes on manufacturers make it easier for them to hire new workers? Will raising taxes on American energy companies make it easier to create jobs? Will raising taxes on the businesses that Democrats refer to as ''millionaires'' allow those businesses to expand? Across the board, the answer is no. Instead, these tax increases will kill jobs in every district, State, and industry in the country. Regardless of the rhetoric coming from Washington politicians, these taxes will also have a mathematically insignificant effect on deficit reduction.

I proudly support a ''balanced approach'' in the context of debt reduction that grows the economy and boosts tax revenues in the process, but when presented with the option of choking our weak economy with yet another tax increase, I will oppose it. Our country needs new taxpayers, not new taxes.

HONORING OUR ARMED FORCES

SERGEANT FIRST CLASS TERRYL L. PASKER

Mr. GRASSLEY. Madam President, the State of Iowa has lost one of its native sons, and the Nation has lost a true patriot. SFC Terryl L. Pasker from Cedar Rapids, IA, was shot and killed in Panjshir Province, Afghanistan, while serving with the Iowa National Guard in support of Operation Enduring Freedom. He was 39 years old and was just completing his second tour in Afghanistan. My thoughts and prayers are with his wife Erica, his parents Mary and David, and those who knew him and cared about him. Terryl Pasker is described as an upbeat, religious man. He was known as a hard worker and he owned a contracting business in his civilian life. The loss of someone in their prime, with a bright future and a whole life left to live is a tragic thing. It gives us pause to reflect on the tremendous sacrifice we ask of our servicemembers, and have since the first minutemen rallied at Lexington and Concord. I would like to pay tribute to the life and service of SFC Terryl Pasker and ask that my colleagues join me in honoring his memory.

VIOLENCE AGAINST ANTIMINING ACTIVISTS IN EL SALVADOR

Mr. LEAHY. Madam President, I want to speak briefly about some troubling developments in El Salvador, which should concern us all.

On June 14, 2011, the body of Juan Francisco Duran Ayala was found with a gunshot wound to the head in the Soyapango Municipality of San Salvador. He was reportedly last seen alive on June 2 in Ilobasco, Cabanas, posting flyers critical of gold mining in that area, the day before he disappeared. In addition to studying at the Technological University in San Salvador, Mr. Duran had volunteered for the Environmental Committee of Cabañas in Defense of Water and Culture. His death is one of a shocking number of instances of violence against antimining activists in Cabañas.

In 2009, Gustavo Marcelo Rivera went missing for nearly 2 weeks before his body was found on June 30 in a well with signs of torture. Mr. Rivera was the cofounder of the Asociación Amigos de San Isidro Cabañas, and was a vocal leader in the anti-mining campaign in San Isidro, Cabañas. Since Mr. Rivera's death, at least eight other members of the antimining community in Cabañas have reportedly been killed, including Mr. Duran, and yet it is still unclear who is behind this pattern of deadly violence.

There have also been recurrent threats against the lives of journalists at Radio Victoria, which broadcasts in that area.

Cabañas is located in the north central part of El Salvador and has a long history of gold mining. Pacific Rim Mining, a Canadian company that acquired a large mine named El Dorado, was the subject of Mr. Rivera's and Mr. Duran's protests. Now that their voices have been silenced, people in that community are demanding thorough, credible investigations of these crimes, both to obtain justice for their families and in order that future activists can exercise their right to speak out peacefully without losing their lives.

Unfortunately, El Salvador is a country where criminal investigations rarely result in arrests, and those that do almost never result in convictions. Impunity and corruption within the police are common, as in many other countries of the region. Some accuse local police and municipal officials of complicity in the harassment and threats against antimine activists and the radio station, and point to the fact that no one has been punished for these crimes.

To compound the problem, judicial independence, already fragile, is under threat in El Salvador. On June 2 the Salvadoran Legislative Assembly approved a decree which requires the five members of the Constitutional Court to rule unanimously instead of with the previous four person majority. The law was approved with the support of a broad spectrum of political parties.

The vote was reportedly in response to a number of unpopular decisions by the Court over the past 2 years. The passage of the decree threatens judicial independence in a country where the Court has only recently demonstrated a willingness to act as a check on executive and legislative power. That is the role of the judiciary in a democracy, and the outcome of this impasse will have profound implications for the country.

El Salvador has been through a difficult history. The 1980s civil war polarized the country and those who suffered most, the rural poor, are still struggling to recover. The country's democratic institutions are weak, particularly the judiciary. The country is coping with rampant violent crime, and the infiltration of well financed criminal gangs into all sectors of society.

In the midst of this, the brutal slayings of people like Juan Francisco Duran Ayala and Gustavo Marcelo Rivera might be regarded as little more than a grim statistic, soon to be forgotten. But we have not forgotten them. All indications are that they did nothing more than act as the voices of people in their communities who are concerned that their way of life, and the land they depend on, is being destroyed.

We know the Funes Government is coping with many problems. We are helping, by providing tens of millions of dollars to support programs in health, education, economic development, and to strengthen law enforcement. We provided additional funding to help the country rebuild from the devastating floods in November 2009. But there is no more important responsibility of government than upholding the rule of law. The urgent necessity of the message that would be sent to all the people of El Salvador by bringing the perpetrators of these crimes to justice cannot be overstated.

VA INFECTION CONTROL PRACTICES

Mrs. MURRAY. Madam President, I would like to take a moment today to recognize the success of recent efforts at the Department of Veterans Affairs, VA, to reduce Methicillin-resistant Staphylococcus aureus, MRSA, infections by more than 60 percent in intensive care units. This initiative by VA was highlighted in a New England Journal of Medicine article this year.

MRSA is a nationwide problem. It is estimated that it kills 20,000 U.S. residents a year and hospitals remain an important source of this infection. Three years ago, VA launched this initiative to ensure that it leads the way on eradicating MRSA infections from their facilities. The success of this initiative has created a culture that promotes infection prevention by adding patient screening programs for MRSA, precautions for hospitalized patients found to have MRSA, and hand hygiene reminders with readily available hand sanitizer stations throughout VA medical centers.

Every day thousands of veterans visit VA health facilities to receive care. VA provides care for more than 6 million veterans each year. In the first 3 years of this initiative, more than 1.7 million screening tests for MRSA were given to veteran patients at VA medical facilities throughout the United States. Screening tests such as these help our veterans stay safe from deadly antibiotic-resistant infections, a threat no American should face when they visit a hospital.

Since the initiative's start in 2007, VA has increased the amount of MRSA screenings to 96 percent of all admitted patients. This newly instituted culture that promotes infection prevention has been so successful that infection rates for MRSA have decreased by 62 percent