

week. I strongly urge my Democratic friends to join us in supporting it. Some have said they think this bill goes too far. With all due respect, I think most Americans believe Congress and the White House have gone too far in creating the fiscal mess we are in right now.

It is time for real action. It is time to show the American people where we stand. It is time to balance our books.

#### CONSUMER FINANCIAL PROTECTION BUREAU

Mr. MCCONNELL. Mr. President, earlier today, the President announced his nominee to run the Consumer Financial Protection Bureau.

I remind him that Senate Republicans still are not interested in approving anyone to the position until the President agrees to make this massive new government bureaucracy more accountable and transparent to the American people.

Back on May 5 of this year, 44 Republican Senators signed a letter to the President stating:

We will not support the consideration of any nominee, regardless of party affiliation, to be the CFPB director until the structure of the Consumer Financial Protection Bureau is reformed.

We have been very clear about what these reforms would need to look like. Republicans have voiced our serious concerns over the creation of the CFPB because it represents a government-driven solution to a problem government helped create.

We have no doubt that without proper oversight the CFPB will only multiply the kinds of countless burdensome regulations that are holding our economy back right now and that it will have countless unintended consequences for individuals and small businesses that constrict credit, stymie growth, and destroy jobs. That is why everyone from florists to community bankers opposed its creation in the first place. That is why we will insist on serious reforms to bring accountability and transparency to the agency before we consider any nominee to run it.

It took the President a year to nominate someone to this position. I hope he will not wait that long to address our concerns and bring the CFPB the accountability and transparency it currently lacks.

I yield the floor.

#### RESERVATION OF LEADER TIME

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

#### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business until 3:30 p.m., with Senators

permitted to speak therein for up to 10 minutes each.

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

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

The legislative clerk proceeded to call the roll.

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

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

#### BUDGET NEGOTIATIONS

Mr. AKAKA. Mr. President, I rise to speak about the budget and the debt ceiling, following the Senate's failure to invoke cloture on a measure expressing that shared sacrifices from all Americans—including the wealthiest—are necessary to reduce the budget deficit.

As the Senate Budget Committee chair has proposed, we must reach an agreement that strikes a balance between raising revenues and cutting spending, in which all Americans contribute to the solution.

Congress faces an important task. Americans are following this debate because they have a stake in its outcome.

If we do not raise the debt ceiling, it will force the government to choose which of its many obligations it will meet.

As President Obama pointed out last week, we cannot guarantee that veterans and Social Security recipients will receive the checks we owe them on August 3 if we fail to reach a compromise. If we fail, we will damage our credit rating and worldwide confidence in our financial system.

To avoid such a situation, I call on all of my colleagues to negotiate in good faith so that the creditworthiness of the United States is not compromised. I hope we can reach an agreement that will bring down the debt without placing most of the burden on the vulnerable among us—the sick, the poor, the long-term unemployed, and the elderly.

While we must reduce spending, we cannot forget to continue investing in our Nation's future. I came of age during the Great Depression and served in World War II, along with my colleagues Senator INOUYE and Senator LAUTENBERG.

We were the beneficiaries of one of the Federal Government's greatest investments: the Servicemen's Readjustment Act of 1944, more commonly known as the G.I. Bill of Rights. This visionary Federal legislation enabled returning World War II veterans—many who, like myself, came from families of modest means and may never have otherwise attended college.

The G.I. Bill not only changed the lives of its beneficiaries, it changed the United States by laying the groundwork for the emergence of our middle

class, which remains the backbone of our country.

Many other valuable investments made in the years that followed, such as the Interstate Highway System and Federal funding for research programs at the Nation's leading universities, propelled America into one of history's greatest periods of economic expansion, social advancement, and technological innovation.

None of these investments simply happened. They were made by past Congresses and Presidents from both parties. These legacies have proven repeatedly that dedicated social and economic investments are effective drivers of recovery, growth, and future success. As we move forward and make difficult but necessary choices to cut spending, we must strengthen those programs that are restoring our economic health.

Reaching an agreement on the debt ceiling and deficit reduction will undoubtedly require all of us to make difficult compromises on spending and revenues. As debate on these issues continues, I urge each of my colleagues to remember the obligation that we have to preserve the Nation's creditworthiness—and to defend our veterans and those depending on Social Security and other safety net programs from harm—as we continue to make needed investments for recovery.

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

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

The legislative clerk proceeded to call the roll.

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

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

#### BUDGET NEGOTIATIONS

Mr. KYL. Mr. President, I wanted to speak for a moment here about the status of discussions that Members of Congress have been having with the President and others regarding the debt ceiling, the extending of the debt ceiling, and how we can solve the problem that confronts our country.

Obviously, in 10 minutes, I will be brief and hit some of the highlights. But the first question I was asked on a program I was involved in was: Well, why wouldn't Republicans be supportive of raising taxes? So I want to answer that. There are three answers to that question. The first is, if you go to the doctor and he is going to treat you for what is wrong with you, he needs to figure out what is wrong and then treat that condition rather than something totally different. So the reason we are not going to want to raise taxes here is because it has nothing to do with the problem we have.

I meant to have this chart blown up, but I wasn't able to do it in time, but this shows how much money we are

spending. As you can see, when President Obama came into office, the spending spiked dramatically. We have historically spent about 20 percent of the gross domestic product of the country. With the Obama spending, we have gone straight up to about 25 percent of our gross domestic product. The problem, in other words, is not taxing; the problem is spending. So that is the first reason we should focus on spending, and reducing Federal spending, not focus on the Tax Code, which is not the problem.

The second problem with raising taxes as a part of this exercise is the taxes the President is talking about are not just on millionaires and billionaires. There are 319,000 households that report income of over \$1 million, so you can say 319,000 billionaires or millionaires. But there are 3.6 million households also in the same tax bracket that don't report incomes of even \$1 million. So as we have done before, with the alternative minimum tax, for example, we aim at the millionaires and billionaires but we end up hitting a lot of other Americans. This isn't just about taxing millionaires and billionaires.

Who are the other people who would be the target of the tax increases proposed by the President? Well, we know that 50 percent of all small business income is reported in those top two brackets. So the first thing you have to think about here is doing harm to the economy. If you are hitting the small businesses with more taxes—which, by the way, historically create two-thirds of the jobs coming out of a recession—you are going to inhibit economic growth. That is a problem that is recognized even by the Obama administration and by the President. Last December, the President reached agreement with the Congress and we extended the existing tax rates—sometimes they are called the Bush tax cuts, but those tax rates have been in existence for a decade now—and they were extended another 2 years.

At the time the President said: In the time of economic downturn, that is the worst time to raise taxes so we shouldn't do it.

We are still in an economic downturn, one could say even worse than it was back then. We are now back up to 9.2 percent unemployment. The economy is not getting better; it is still sick, and the worst medicine for a sick economy, as even the President has said, is a tax increase.

One of the taxes the administration sought to increase was the subject of a report by the Obama administration's small business agency, the SBA, and it said this particular tax increase "could ultimately force many small businesses to close."

Why would you propose raising a tax which could ultimately force many small businesses to close? It doesn't make sense. That is the second reason we are focused on wasteful Washington spending, not on raising taxes.

The third reason to talk about the problem of raising taxes is related to the second; that is, the effect it would have on job creation and the economy. If you add the tax rate that will result from the automatic tax increases in January of 2013 and the tax increases that are part of ObamaCare, the top rate in this country will be 44.8 percent, and that is before your State income tax rates.

Corporations pay 35 percent, and they get a lot of deductions, so they don't always pay 35 percent. So here you have a small business person who is paying 10 percentage points above what a big corporation pays, and the 35 percent is too high. The President himself has said: We should get rid of corporate so-called tax expenditures or loopholes so we can, with that savings, reduce the corporate rate in America to something closer to 20 or 25 percent, which would make American businesses more competitive with our foreign competitors.

If we need to reduce the corporate rate down to 20 or 25 percent, it makes absolutely no sense for us to have the small business entrepreneurs in our country paying almost 45 percent. That is why we don't want to raise taxes on small businesses.

Moreover, some of these taxes are not just on those who are in the top two income tax brackets but are in businesses that I mentioned, the retailers and manufacturers, that would be hit with one of the taxes the SBA says could ultimately force many small businesses to close.

So those are the three key reasons why it is not the time to raise taxes, why we ought to be focused on spending. Spending is the problem. It has gone up from 20 to 25 percent of the gross domestic product in this country. We have had a deficit now of \$1.5 trillion each of the years of the Obama administration.

The Obama administration, in just 5 years—if it gets the first year of the second term—in 5 years would double all the national debt of this country all the way from George Washington to George W. Bush.

So if you take all Presidents and the debt we have acquired and then you double it, that is what happens under 5 years of the Obama administration budget and then the second 5 years would triple it. That is the problem we have. It is not taxes; it is spending. Secondly, because you are not just hitting millionaires and billionaires, and, third, because it would be very bad for the economy.

The administration has said: Well, it is just not fair. We need some "shared sacrifice" is their term, some shared sacrifice. I have two answers to that.

First of all, how about before we ask people to sacrifice, let's get rid of the waste, fraud, and abuse, and initiate savings that the Office of Management and Budget, the General Accounting Office, the CBO, all these groups have found exists in our budget, if we would just get about it.

There is over \$100 billion a year we could save by not making overpayments or improper payments in Medicare, Medicaid, and unemployment insurance, just those three alone. In unemployment insurance, \$1 out of every \$9 is improperly paid. What is wrong with a government that has that kind of error rate? That is \$16.5 billion a year. In Medicare, the error rate is over 10.5 percent and Medicaid 8.4 percent. You could save \$87 billion a year just in those two programs. That is well over \$100 billion a year.

What does the administration say to that? No, we don't want to talk about that.

That is not shared sacrifice. That is not any sacrifice. You are not taking any benefit away from any beneficiary by just enforcing the law Congress has passed. The administration says, no, it doesn't want to talk about those things.

The other reason is, I am just asking here: What is fair? You have to admit, the top 1 percent of American taxpayers are wealthy people and so they pay twice as much in taxes. They represent 1 percent of the taxpayers, of course. So do they pay 2 percent of the taxes? How about 5 percent? Does the top 1 percent pay 10 percent of all the taxes, 20 percent, 30 percent? How about 38 percent? One percent of the people pay 38 percent of the taxes in the country. I would call that shared sacrifice. The top 10 percent pay almost 70 percent. So how much do you want the top 10 percent to pay, 80 percent, 90 percent?

How fair is that, when the bottom 50 percent pay nothing and all of them receive benefits from the government and 30 percent of them receive an EITC benefit or payments back from the government in some other form, directly to them. So you have half the people who pay no Federal income taxes, the top 10 percent pay 70 percent of all the income tax.

We have said that is OK; we want to have a progressive tax rate. The OECD—these are the developed countries of the world—have done a study, and they make the point we have the most progressive income tax system in the world. Of all the developed countries in the world, we make the wealthy pay the most. We have said that is OK.

But how much more can this one group pay? They cannot carry the entire government on their back. So it is, frankly, political demagoguery for anybody to suggest that either we can solve the problem by taxing corporate jets or we can solve the problem by having millionaires and billionaires pay more than they already do. That only gets you a little bit.

The people who end up paying the taxes are the broad middle class. That is the way it always is.

So beware of the politician who says: I am just going to target the rich; you don't have to worry about it. The tax on millionaires was supposed to hit

about 125 millionaires, the AMT, that now hits somewhere between 20 million and 30 million Americans.

That is why I say we have to solve the problem. The problem is spending. It is not revenues. So when people ask me: Well, why aren't you willing to meet the President halfway and agree to raise taxes, those are the three reasons. It would stop our economy from creating the jobs it needs in order to get out of the economic doldrums we are in and begin to produce the kind of economic recovery that produces wealth. When you are unemployed, you are not working, you are not making money, you are not paying taxes to the Federal Government.

We can pay the Federal Government a lot more in tax revenues every year if we go back to work and if we are making more money and we are more productive as a country. But as long as we are in the condition we are right now, the Federal revenues are going to decline.

That is the answer. Get the economy moving again, and you don't do that by imposing another heavy burden of taxes on it. That is why we have to focus on spending. I hope my colleagues and I can work together in the days to come and reach agreement so we can actually get the country moving on a path toward economic recovery and sound fiscal future.

The ACTING PRESIDENT pro tempore. The Senator from Virginia.

#### EAST ASIA RELATIONS

Mr. WEBB. Mr. President, we spend probably the majority of the time when we discuss foreign policy on this floor talking about the crises in places such as Libya, Iraq, Afghanistan. If we talk about East Asia at all, we generally are discussing the economic situation as it portends to the future, especially with China.

But I would like to make a strong point here today; that is, if we don't get it right with our relations in East Asia, we are in very serious trouble as a nation. It is vitally important for the United States to continue to invigorate our relations with all the countries with East and Southeast Asia on economic, security, and cultural levels.

Today, I would like to talk about a few of these issues that are affecting our relations in that part of the world. This weekend, there will be a regional forum for the Asian countries in Bali. Our Secretary of State will be there.

This forum is coming at a pivotal moment with respect to our relations in Southeast Asia and the rest of East Asia. The recent military provocations by China against the Philippines and Vietnam in the South China Sea, which this body passed a resolution deplored, affect the mood of the entire region at this moment. There also have been political transitions in Thailand and in Burma and there are consistent ecological threats in the Mekong River, with hydropower dams up river begin-

ning in China and now also being proposed in Laos.

All of these issues underscore the need for vigorous multilateral engagement in this part of the world and the development of new strategic relationships and the continuity of balance the United States has been bringing to this vital region since the end of World War II.

We are going to be reauthorizing a piece of legislation called the Trafficking Victims Protection Act in this session of Congress. I have an amendment to this act. I think it is an extremely important amendment in terms of our relationship with friends and allies, particularly in East Asia, and with representatives of highly developed governmental systems that have a lot of problems with the way we have implemented this act in the past.

I, similar to everyone in the Senate, fully support the intentions of this legislation and the intentions of the State Department to prevent human trafficking and to assist trafficking victims. But under our present policy, we have a great deal of confusion and, quite frankly, resentment from many of these more developed governmental systems. This present policy requires that a country be ranked against the progress it has made in the past year. In other words, a country is ranked against itself over a period of yearly behavior. This practice doesn't provide countries with a consistent standard by which they might truly measure their efforts against human trafficking versus other countries around the world, and it creates a lot of misunderstandings.

The criteria used to judge a country's efforts are difficult to estimate with any precision. They are often very subjective. For example by placing prosecutions for trafficking as a part of this evaluation over actual successes in areas such as the protection of victims and the prevention of acts in the first place, we get a total misreading of the success that many of these governmental systems actually have been able to bring about.

This is an excerpt from a press release that came out of Singapore's Ministry of Foreign Affairs on June 28 of this year, talking about their ranking under this Trafficking in Persons Report, the TIP Report.

They say: We note that the United States has again unabashedly awarded itself a tier 1 ranking. Yet the New York Times observed—this is from their press statement—that teenage girls coerced into prostitution in the United States are treated not as trafficking victims but as miscreants who are arrested and prosecuted. This is directly opposite to Singapore's approach. The United States also suffers from serious problems with illegal immigrants, many of whom are trafficked by well-organized criminal gangs which seem to operate with impunity.

Singapore, our friend, our ally, and an advanced governmental system by any determination, then says:

On any objective criteria, the United States has a more serious TIP problem compared with Singapore.

Why are they angry? Why do they feel they have not been fairly evaluated? Because they are evaluated against themselves by standards that may not apply. They are not alone, by the way. Singapore is not alone.

The last year's reporting showed Nigeria got a tier 1 rating. Japan, another highly advanced governmental system and culture, got a tier 2 rating. Singapore got a tier 2 watch list rating, which means that they could be in danger of losing a lot of the governmental interactions between our two countries if this continued. How would they rate a tier 2 if we had a standard where we were evaluating all country systems against one another, rather than this approach we are now using?

Here is a good objective way to see if we cannot answer that question. These are the worldwide ratings from an organization called Transparency International. This is called the Corruption Perception Index, from the same year. From the country rankings for corruption perception, internationally, Singapore is tied for first as the most transparent governmental system. The United States is down here at No. 22—again, below Japan. I mention Japan because under this TIP system, Japan got a tier 2 rating. Nigeria is over here tied for 134th. This is not meant to be critical of the attempts of the Nigerian governmental system to fix their problems, but clearly, if we were evaluating these countries among each other rather than by this very confusing standard, you would not be seeing Singapore with a tier 2 watch list category and Nigeria as a tier 1.

I will have a simple but I think very important amendment to the legislation when it comes forward. It basically will require the State Department to categorize countries, first of all, as either in compliance or not with our legislation and then rank countries on a single scale rather than by year-to-year progress against themselves and to eliminate the special watch list category. It maintains all the other existing criteria we have used in terms of examining whether trafficking in persons is being addressed in these different countries; the extent to which a country is a country of origin, transit, or destination; the extent of non-compliance by the governments, including government officials; and what measures are reasonable to bring the government into compliance. This may seem a small matter on the floor of the Senate, but I can assure you this is not a small matter to countries that have been our friends and allies and have advanced governmental systems and believe they are being wrongly categorized for the rest of the world to see.

I would like to raise one other point today with respect to this part of the world—it goes back to what I said when I first began speaking—regarding