

for serious, long-term reforms this week.

Republicans have tried to persuade the President of the need for a serious course correction, but weeks of negotiations have shown that his commitment to big government is simply too great to lead to the kind of long-term reforms we need to put us on a path to both balance and economic growth. So we have decided to bring our case to the American people. The President recently cited a poll that suggests Americans want to see balance in this debate. I would point him to another poll showing nearly two out of three Americans want a balanced budget. That is what Republicans are fighting for.

Today, Republicans in the House will vote on legislation that cuts government spending now, caps it in the future to the average of the last 40 years, and which will only allow for a raising of the debt limit if it is accompanied by a constitutional amendment to balance the Federal budget. Cut, cap, and balance is the kind of tough legislation Washington needs and that Americans want, and Republicans will spend the week trying to convince Democrats to join us in supporting it.

Every single Republican in the Senate supports a balanced budget amendment. All we need is 20 Democrats to join us in supporting this commonsense legislation. At least 23 of our friends on the other side have said or suggested they support the idea and told their constituents that they will "lead" on the issue. We think they should have an opportunity to follow through on their statements with an actual vote.

I will repeat what I said yesterday to my Democratic friends. If I were you, I would take a long look at the cut, cap, and balance legislation the House is taking up today and ask yourself the following question: Are you so committed to the status quo that you will vote "no" on a bill to balance the Federal budget?

I strongly urge my Democratic friends to join us in supporting the cut, cap, and balance plan. The American people sent us here to make tough choices. Agreeing to balance the budget should not be one of them. This should be an easy one. I urge my colleagues in the strongest possible terms to join us. It is time to balance the books.

Madam President, I yield the floor.

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.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

CUT, CAP, AND BALANCE ACT

Mr. REID. Madam President, today the House will consider legislation that

would force the Nation to default on our financial obligations for the first time in history, unless Congress adopts a new—well, let's put it this way: What the House is working on today would force the Nation to default on our financial obligations for the first time in history. They are going to do it with a radical—radical—new constitutional amendment.

That amendment would impose arbitrary, reckless budget caps. It would, without a doubt, force massive cuts to Medicare, Social Security, and other crucial benefits. At the same time, it would constitutionally protect wasteful loopholes and tax breaks for millionaires and billionaires.

To meet an arbitrary spending cap frozen at 18 percent of gross domestic product, it would shrink benefits and services back to the levels not seen since 1966. In 1966, Medicare was 1 year old, and there were 100 million fewer people in this country. In 1966, the country had 200 million people. We now have 300 million people, and they would take us back to the levels then. It is obvious it simply would not work.

For those who think rewinding 45 years is a good thing, consider how much America has changed since 1966. For example, life expectancy is 9 years longer today than it was 45 years ago. One reason it is longer is because of Medicare. Medicare has made people healthier to live longer and lead more productive lives.

This legislation would roll back the progress that has been brought about by these programs but especially Medicare. It would enshrine in this thing they are trying to do in the House today a set of priorities so backward even advisers to President Ronald Reagan and George W. Bush have called it unwise.

In the first decade alone, it would mean more than \$3,000 a year in cuts to each senior's Social Security check. It would slash our social safety net, decimating Medicaid and cutting Medicare benefits by \$2,500 for every senior. This is per year, every year.

In fact, the nonpartisan Congressional Budget Office says that within 25 years, it will slash government benefits and services in half. Everyone within the sound of my voice hear what I am saying: slash benefits in half—veterans, Medicare, Medicaid. Seventy percent of the people on Medicaid are in convalescent centers. It is obvious there would not be people in convalescent centers. They would be at home having their sons, daughters, wives, and others trying to take care of them in their so-called golden years, which would come to a screeching halt.

When I talk about slashing benefits in half, I am talking about Social Security, Medicare, Medicaid, veterans' benefits, and every other government service, no matter how essential. Yet it would make it almost impossible to end even the most wasteful tax breaks and loopholes already in place, such as the subsidies to oil companies, which

are making market profits with subsidies from American taxpayers. It would allow benefits to go to corporations that are shipping jobs overseas and to rich people who buy yachts and private jets. If I were rich, I wouldn't buy a yacht. It would be nice to have an airplane though. But this will not stop people from buying airplanes. It will allow the tax program to treat the rich people similar to everybody else. It would require a two-thirds majority in the House—if the House issue prevails, it would require a two-thirds majority in both Houses of Congress to raise even a penny of new revenue.

Meanwhile, the so-called cut, cap, and balance does absolutely nothing to protect our economy from the kind of recession from which we are beginning to recover. In fact, if the economy wasn't already in a recession, this legislation would quickly produce one.

Bruce Bartlett, an economic adviser to President Reagan, a fine man, and a Treasury official under President Bush, said the kind of rapid spending cuts called for in this House legislation would "unquestionably throw the economy into a recession."

This legislation goes beyond the Draconian budget Republicans passed earlier this year. That budget would have ended Medicare as we know it, and it would have cut clean energy by 70 percent, axed education funding, and cost hundreds of thousands of private sector jobs. It passed the House, but it didn't pass here.

What they are trying to do is even more Draconian than the so-called Ryan budget, the House-passed budget. They are trying to do something worse. It would attack all the same programs, but its cuts would be deeper and deeper. It would slash Social Security as well, which the House budget didn't have in it.

This legislation they are debating in the House is so restrictive, the Republicans' own budget—the budget they passed earlier this year—would not meet the standards they are now asking to be passed. It is so restrictive, not 1 year of either the George W. Bush or Ronald Reagan administrations would meet its standards.

Of the last 30 years, the only 2 years that would make the cut were during the Clinton administration. As the Washington Post said:

Every single Senate Republican has endorsed a constitutional amendment that would've made Ronald Reagan's fiscal policy unconstitutional. That's how far to the right the modern GOP has swung.

Bruce Bartlett—we talked about him before—said this about the legislation:

This is quite possibly the stupidest constitutional amendment I think I have ever seen.

I repeat the direct quote:

This is quite possibly the stupidest constitutional amendment I think I have ever seen. It looks as if it was drafted by a couple of interns on the back of a napkin.

That, in my opinion, is being awfully hard on interns.

Bill Hoagland was on this floor working with us, and he is a fine man, a close adviser to Senator Domenici and other Republican Senators. I worked with him on the floor trying to get bills passed. He is a fine man—a Republican first, wanting to get things done for our country second. Bill Hoagland was a Republican budget adviser for a quarter century. He described it best when he labeled this legislation a “misleading political cheap shot.”

A balanced budget is something we can all get behind. But this legislation isn't about balancing the budget; it is about scoring political points. Based on 30 years of evidence and the Republicans' own measuring stick, the stunt falls flat.

After all, who do you think helped President Clinton balance the budget during the only 2 years of the last 30 that actually lived up to the restrictive rules outlined in this legislation? It was Democrats in Congress.

Today, Democrats are trying to rein in spending again and are trying to avert a catastrophic default on our Nation's financial obligations. Republicans are the ones standing in the way of a deal to avert default, refusing to move an inch, despite our offers to cut trillions from the deficit.

It is not just me. Read today's Washington Post and see again what David Brooks says. David Brooks is a card-carrying Republican conservative. Read what he says. As the conservative columnist Ross Douthat wrote in the New York Times yesterday, we can already be on the way to a deal if “more Republicans had only recognized that sometimes a well-chosen concession can be the better part of valor.”

We are arriving at a point, 2 weeks from today, when we will default on the debt. I have not heard a Republican leader—and I have my friend on the floor today from our sister State of Arizona. He always has said there will not be a default on the debt. Senator MCCONNELL, Speaker BOEHNER, and Majority Leader CANTOR have all said that.

The proof is in the pudding. We have 2 weeks to prove they are right.

Would the Chair announce morning business.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. The Senate will be in a period of morning business for 2 hours, with Senators permitted to speak therein for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the majority and the Republicans controlling alternating 30-minute blocks, with the Republicans controlling the first block.

The Senator from Arizona is recognized.

TAX INCREASES

Mr. KYL. Madam President, first, let me reassure my friend and colleague, the leader of the Senate, that it is our view that the debt ceiling will be extended, and Leader MCCONNELL wanted to make that crystal clear in his discussions with Leader REID, so the two of them could work together on a plan that the Senate could pass and send over to the House, to ensure that our debt ceiling would be increased and, thus, assure the markets they need not be concerned about that fact. As I have said many times, Republicans are not going to be the ones who would throw us into default.

Yesterday, I spoke on the floor about the reason Republicans are opposed to raising taxes. The President himself, last December, said raising taxes in a time of economic downturn would be a mistake, the wrong thing to do. We are still in that economic downturn. In fact, things are worse now than they were then. It is similar to a doctor treating a patient. When we diagnose what is wrong, we deal with what is wrong. We don't try to fix something else. Our problem is spending; it is not taxes. That is why we need to focus on spending rather than taxes. At the conclusion of my remarks, I will ask unanimous consent to put an op-ed from the Wall Street Journal into the RECORD. It is written by Michael Boskin, who makes the point very clearly that our problem is spending, not taxes, and that we should be focused on reducing spending growth, especially in entitlements. He is a professor of economics at Stanford University and senior fellow at the Hoover Institution and he chaired the Council of Economic Advisers for the first President Bush. I will refer to that in a moment.

Yesterday, I said there were three reasons why Republicans were not willing to raise taxes at this time. The first was that the problem, as I said, is spending, not taxes. Spending has increased under President Obama from 20 percent of GDP—the historic average—to 25 percent in just 3 years. That has been the reason we have had a deficit of \$1.5 trillion each of those years, and we will see deficits in that order of magnitude for as far as the eye can see.

The second reason not to raise taxes is that when we talk about whom the taxes actually apply to, it turns out they don't just apply to millionaires and billionaires. I pointed out that there were 319,000 households that reported over \$1 million in income tax. Again, that is 319,000. But the tax the President is talking about would apply to 3.6 million taxpayers—more than 10 times that many. So the point is, frequently, Democrats like to aim at the rich—the so-called millionaires and billionaires—and they end up hitting a whole lot of other folks who aren't in that category of millionaire and bil-

lionaire. It has happened before with the alternative minimum tax, which was originally to apply to 125 people, I think, and now it hits between 20 million and 30 million households. That is the second reason.

I might add, by the way, my friend, the majority leader, said a moment ago there is nothing wrong with taxing yachts or airplanes and that he would, in fact, rather have an airplane than a yacht. I remember the experience we had with that. We were going to hit the millionaires. In 1990, we raised the tax on yachts and other luxury items. All the people who made boats in Maine, Massachusetts, and other States lost their jobs. I think it was something over 9,000 jobs that were lost in the boat building industry. Congress quickly repealed that. Within 3 years, we had to repeal that big luxury tax. We weren't hitting millionaires and billionaires; we were hitting the people who actually made the yachts.

Right after 9/11, Congress passed an accelerated depreciation provision for the general aviation industry. The idea there was to make sure 9/11 didn't hit that industry too hard and jobs would be saved. In the President's stimulus bill, that accelerated depreciation provision for business jets was reauthorized. That is the thing we are talking about here, when we talk about business jets.

The President has said business jets should not receive that kind of tax treatment. The people who he said would be benefited by the stimulus package with jobs created or saved are the people who will lose their jobs if that particular tax treatment is taken away.

Maybe we should look at that. I am not against looking at that tax treatment. If we should look at it and decide it is not appropriate, maybe people will lose their jobs, but we may want to get rid of it; we should use whatever reduction there is in that to create lower rates for corporations across the board, as the President indicated, because then we can be more competitive with corporations abroad that have much lower corporate tax rates than the United States.

That gets me to the third reason we should not raise tax rates: because it will kill jobs, hurt the economy. If we want to put people back to work, we cannot impose more regulatory or tax burdens on the very businesses that create the jobs. Two-thirds of the jobs coming out of a recession are created by small businesses. Fifty percent of the income of the small businesses is reported in these top two income tax brackets that would be affected by the President's proposal to raise taxes. They would be hit by this and, as a result, they would not hire as many people.

There are a couple items from today's paper that I will use to illustrate the point. From the Phoenix Business Journal, it says: “U.S. small businesses out of gas on job creation.” They point out: