

debt or to push the problem down the road for a few weeks or a few months. That is what he said. Back then he was not interested in a short-term solution. Back then he was right.

This is why: Economists, market analysts, and rating agencies have said the world economy simply cannot bear this kind of uncertainty any longer. They have said a short-term solution to the impending default would still result in the loss of our AAA rating that has kept interest rates low in this country and saved consumers money for more than 70 years. So I trust Speaker BOEHNER and other reasonable Republicans understand the seriousness of a default crisis. Here is what the Speaker said very recently:

That would be a financial disaster not only for our country but for the worldwide economy. You cannot create jobs if you default on the Federal debt.

But a short-term fix does not get the job done. It would cause many of the same calamitous results as a technical default, including rising interest rates that would essentially raise every person's taxes. American families will pay more for their mortgages, car loans, student loans, credit card bills, and everything else. Higher interest rates would not just be costly for consumers, it would also cost the Federal Government more, and would actually increase our deficits and debt—and very quickly.

A less than 1-percent increase in interest rates, which economists have predicted if the United States debt is downgraded, would cost our government more than \$100 billion every year. I repeat: It would cost our government \$100 billion extra every single year. In a decade, that would cost this country as much taxpayer money as Speaker BOEHNER's proposal would cut from the deficit. In effect, his short-term plan would yield not a single dime of savings. Nothing.

Republicans would like the American public to believe Democrats in Congress and the White House are insisting on a long-term deal for political reasons. They say Democrats want to push this off until after the Presidential election. That is not true. It is not Democrats who have asked for a long-term solution. It is the economy. The economy has demanded it.

If Republicans in Congress are willing to risk our economy by playing politics in July, why would they not do the same in September, October, November, when his proposal—Speaker BOEHNER's proposal—would run out of money? That is why every economist, every market analyst, every rating agency, has insisted any legislation to avert a default on the Nation's debt must take us through the end of 2012.

The Senate is considering a measure that would avert default and cut \$2.7 trillion from the deficit. It is a reasonable measure. Republicans have supported every one of its cuts in the past, and it should be able to pass both Houses of Congress with bipartisan

support. I have heard a number of my friends on the other side of the aisle come here and say: But they are talking about the overseas contingency fund. The Congressional Budget Office—the nonpartisan watchdog of Congress—has decided that is worth \$1 trillion, just what we put in our bill. The Office of Management and Budget said it is worth \$1 trillion. The legislation we are projecting gives each side something it wants. It protects Social Security and Medicare without raising a single penny of revenue. And, most importantly, it is a long-term strategy to safeguard the economy and give the markets the stability they need.

Unlike Speaker BOEHNER's legislation, which economists have rejected, it would not put us through all of this again in a few months—probably only a few weeks—and with even less certainty of achieving a compromise than now.

British Prime Minister David Lloyd George said: "There is nothing more dangerous than to leap a chasm in two jumps." That is true. Congress has a duty to do what it takes to avert a national default in one swift leap.

It will take political courage. I urge all of my friends, Democrats and Republicans, to join hands. We can take courage from one another and make that leap together. Because if we do not clear this chasm, our Nation's economy will go over the edge with us.

I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

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

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

DEBT LIMIT NEGOTIATIONS

Mr. MCCONNELL. Madam President, yesterday afternoon the White House issued a Statement of Administration Policy which said that when the legislation Speaker BOEHNER is now revising reaches the President's desk, unnamed senior advisers will recommend that the President veto it.

I have a question for these senior advisers: what about this legislation is so offensive that you would rather see the Nation default on its obligations than have the President sign it into law?

From what I can tell, the only thing in this bill the President has not already expressed his support for either publicly or privately is that it does not get him through his election without having to engage in another national discussion about the debt crisis that has brought us to this point.

So I would ask these senior advisers whether that is a position they want to

put the President in. Do they really intend to suggest that he veto the Nation into default for political reasons?

That is how I read the threat. And I think that is how the rest of the country would read it too.

So this morning I would like to reiterate my strong support for Speaker BOEHNER, the House Republican leadership and this plan to prevent default and reduce Washington spending.

I also want to commend the Speaker for his efforts and his determination.

This has not been an easy process, but I hope through it all the Nation sees how hard the Speaker has worked to ensure our Nation avoids calamity while safeguarding the American dream.

The Nation has had a chance to see the Speaker at his best over the past few days.

Unlike the President, he not only put forward actual legislation to prevent this crisis, he is keeping his promise to cut spending more than any increase in the debt limit—with no tax hikes.

What about the President's plan? When asked about the President's plan, his aides point to a speech and a veto threat.

With all due respect, Congress cannot vote on a speech, and a veto threat would not prevent default. The fact is Republicans have offered the only proposal at this point that attempts to get at the root of the problem and which actually has a chance of getting to the President's desk.

That is why we will continue to press for the legislation Speaker BOEHNER has proposed, and that is why we will fight against anything that pretends to solve the problem but doesn't—including the bill from Senate Democrats that proposes the largest debt limit increase in history, while falling $\frac{3}{2}$ trillion short on the cuts it claims to provide.

This crisis our Nation faces at this moment has a very simple cause and is easily understood: Washington spends a lot more money every year than it takes in. Do that every year and the debt piles up. Now we have reached the point where our deficits and debt are so large they are suffocating job growth, threatening the wider economy, and imperiling entitlements.

It took more than two centuries for Washington to amass a debt of \$10.6 trillion. But just $2\frac{1}{2}$ years after President Obama swore the oath of office, it is higher by more than one-third. Based on the President's actual policies, the situation is expected to get much worse.

In just 5 years' time, under President Obama's budget plan, the Federal Government will spend almost as much money just to cover the interest on its debt as it will on national defense. Over the next 10 years, the President's policies will add more than \$9 trillion to the debt.

This is why S&P revised its long-term credit outlook for the United States, not because we haven't authorized the President to spend more

money but because he is asking for so much of it.

Yet, incredibly, the President's budgets would do nothing to reverse this trend. So he can claim to be interested in a solution, but what he put on paper makes the problem worse.

Right now, the President is asking Congress to raise the debt ceiling by more than it has ever been raised before in our history—even as the Nation is teetering on the edge of a crisis caused by that very debt.

Let me repeat, our Nation is facing a crisis because of the size of our debt, and the President of the United States, the man Americans elect to be the steward of our economy, is threatening to veto any bill that doesn't add more than \$2 trillion to the debt ceiling, the largest increase in history.

The President is not taking a stand on cuts. He is not taking a stand on reform to entitlements. He is not insisting on reforms. Forget all that. What he wants more than anything else is more room under the debt ceiling to get him through the election. He has said that is his bottom line.

I remain as committed as ever to resolving this crisis in a way that will allow us to avoid default without raising taxes and to cut spending without budget gimmicks.

There is only one option that does that and that is the one Speaker BOEHNER has proposed, and that is being improved as we speak.

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 for 1 hour, 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 Republicans controlling the first half and the majority controlling the second half.

The Senator from South Dakota is recognized.

THE DEBT

Mr. THUNE. Madam President, yesterday, I came to the floor to talk about where we have been, where we are and where we are going and to discuss how we are going to get out of this mess. I pointed out the President's disappointing record when it comes to the debt issue.

The President originally requested a clean debt ceiling increase that didn't have any spending reductions attached to it. He then submitted a budget that failed to ever balance, and this budget

didn't include the recommendations from the Simpson-Bowles commission he had appointed to come up with some suggestions about how to put our country on a more sustainable fiscal path.

According to the CBO, his budget didn't even meet his metric of primary balance, which is balancing the budget not including interest costs. After realizing House Republicans were the only ones with a plan to balance our budget and pay down the debt, President Obama decided to give a speech. Of course, it was just a speech. It did not include numbers. He didn't resubmit his budget, despite requests to do so. He just gave a speech.

As they say, talk is cheap. We need action. The only action he promised, though, is that he will veto plans that would do something to address our debt and deficit problems.

Earlier this month, the administration issued a veto threat for the cut, cap, and balance bill. This was a reasonable proposal that immediately cut spending, put a cap on spending, and would have raised the debt limit after a balanced budget amendment was approved by the Congress.

In fact, this was so reasonable that, according to a CNN poll, 66 percent of the people in this country supported this plan. This bill garnered the support of 234 Members of the House of Representatives, including 5 Democrats. But Senate Democrats voted to table the bill after this veto threat was issued by the President.

So Speaker BOEHNER in the House of Representatives unveiled yet another plan. It certainly isn't perfect, but it begins to deal with our spending problem while also increasing the debt limit to provide a period of time for Congress to pass more substantial budget savings.

Unfortunately, the administration issued a veto threat for this bill. Their reasoning? It doesn't extend the debt limit past the election.

It doesn't take a genius to figure out why. It is not because the markets require a longer term increase; they don't. It is not because Congress generally approves long-term increases in the debt limit; we don't. It is not because a long-term increase would force us to cut more spending; it would not. It is because the President has to face reelection next year. That is it—nothing more, nothing less. It is a political consideration, not an economic one.

So after months of fearmongering about the risk of not raising our debt limit, the President will actually veto a bill because it casts him in a bad political light. This is unacceptable.

Tomorrow, I am hopeful the House of Representatives will pass the Boehner bill. I am hopeful that as soon as we receive it in the Senate, we will take it up, pass it, and send it to the President for his signature.

We need to do it not just for the debt limit increase, which we do, but we also need to do it to start cutting spending and creating a process to reform entitlement programs.

Already, our economy is feeling the impact of these debts and deficits. We know from the Reinhart and Rogoff study that our economy is growing at 1 percentage point less than it should be because of our debt. This is costing us about 1 million jobs every single year.

If we don't take action to cut spending, we know what our future holds: downgrades, interest rate increases, austerity programs filled with tax hikes and Draconian spending cuts, and anemic economic growth.

Looking at Europe right now, Ireland pays 12.9 percent interest on 3-year bonds. Portugal pays 19.4 percent. Greece pays an astounding 28.9 percent. These rates would truly bankrupt our country in short order.

Unfortunately, as former Bush economic adviser and Federal Reserve Board of Governors member, Larry Lindsey, pointed out in a Wall Street Journal op-ed recently and reiterated it yesterday at a Finance Committee hearing, even a normalization of interest rates in the United States to their historical average for the past 20 years would add \$4.9 trillion to our projected debt over the next 10 years.

We can't afford the spending we have now, let alone this additional interest. We need to start cutting spending now. Both the cut, cap, and balance plan and the Boehner plan would do this.

We also need to create a process to reform entitlements. The cut, cap, and balance plan does this by capping spending, and the Boehner plan does this through the new joint committee that has a firm deadline for congressional action yet this year.

I wish I could say there was a plan by the President that does this. There isn't. That is why we in the Senate and in the House of Representatives are going to have to take the leadership in this debate. The President has obviously decided this is more about politics and, unfortunately, has not stepped up with the leadership that is necessary to get our country back on a sustainable fiscal path. We are where we are as a consequence of that, and we are facing a deadline in a few days where we will have to increase the borrowing authority of this country.

What I submit to colleagues is, the issue and the challenge and the problem in front of us is not the debt limit, it is the debt. If we don't do something about this debt, we are going to bankrupt this country, we are going to see the kind of interest rates they are seeing in Europe and we are going to see anemic economic growth in this country and it is going to be difficult to get people back to work. So cutting spending, getting our fiscal house in order, making government smaller, not larger, making the government economy smaller and the private economy larger is the way we need to get this country back on track. But it starts by having a plan that puts our fiscal house in order. So we, in the next few days, are going to have a chance to vote yet again on a plan put forward by the