

didn't raise the debt limit upon reaching it.

Unfortunately, the idea was dismissed by the administration. It was derided. It was castigated. It was described as reckless and irresponsible and unworkable. This idea of prioritizing the payments we would make if we didn't raise the debt ceiling was dismissed out of hand.

Now we have two reports that have come out this week. One cites the fact that senior Treasury officials have been calling around to big banks assuring them that in the event we don't raise the debt ceiling, which we will hit within just a few days, Treasury is assuring the banks there will be no default; they have this covered, and they have taken care of this. The scheduled interest and principal payments on our bonds will occur on schedule.

It is nice that the administration is informing the banks of this. I think it would be nicer still if they would inform the American public and everybody who has such an important stake in ensuring that the U.S. Government not default on its debt. So that was the first report.

The second report came out just late last night—and it has been confirmed today—which is that the Treasury has, in fact, been working on a plan of the very nature they have been deriding and denying for many months now; that they, in fact, have been developing and are continuing to refine a plan to prioritize the payments that will be made in the event the debt limit is not raised by August 2.

I am glad they have finally come to this conclusion. I wish they had approached Congress and worked with us constructively many months ago when I first suggested we ought to have a plan B, but I would say it is better late than never. But now I think we ought to get this plan, such as it is, exposed to the sunshine of public discourse. We ought to understand what this process will be and Congress ought to have a role in it.

That is why I introduced an updated version of this bill last week. I have 33 Senate cosponsors on the bill. The purpose of the bill is not to be a substitute for raising the debt limit. I understand if we don't raise the debt limit close to August 2, the results will be very disruptive. We can minimize that disruption if we have a game plan, and we ought to work this out. The bill I introduced with a number of colleagues is a bill that identifies three very high priorities, that we ought to make sure we make these payments, whether or not we raise the debt ceiling. We know we will have enough money to do so, and I think we have an obligation to do that.

The three categories embodied in our bill are, first, interest on our debt. By making sure we make those payments we avoid a catastrophic default and we avoid the financial consequences which could be very dire. So that ought to be one of the top priorities. The second,

equally important, is making sure we send out all the Social Security checks in full and on time to everybody who has one coming. Senior citizens all across America, including my parents, depend on Social Security checks, and they have earned those benefits by virtue of the contributions they made into that system, in many cases, for many decades.

The third and final item I think ought to be prioritized in the event we don't raise the debt ceiling by August 2 is salaries paid to Active-Duty military. I think the men and women who are risking their lives for all of us deserve to have the peace of mind of knowing that their families back home will not have to wait until Congress gets its act together for them to get their paycheck in arrears. It ought to be done on time.

So these three items, if we add them all and look at the amount they would cost during the month of August and we compare that to the tax revenue that is going to come in the door in August, these three expenses are less than half the amount of tax revenue that is going to come in. Clearly, and obviously, this is easily manageable—or easily affordable, I should say.

Technically, the Treasury and the Fed have some work to do, no doubt, to make sure this is all done smoothly. That is precisely why they should have engaged with us a long time ago, so we could have had a constructive period of time to work out whatever details are necessary so we could have as smooth a functioning process as possible—one that would have the benefit of a transparent debate.

I acknowledge there might be other items that ought to be added to the list, and we ought to have a debate on the floor to consider those items. What we would end up with is a process that the American people would understand, they would know, they could anticipate, and it would be far more constructive. It is getting late in the day, but maybe it is not too late. I hope this body will take up my bill and it will have that debate, we will have some kind of resolution, and we will provide some guidance. I think it is part of our constitutional obligation to have control over spending that occurs in our government, and this should be no exception.

I urge my colleagues to join me in supporting this legislation. If my colleagues have constructive suggestions of how we can make it better, I welcome them, as I welcome working with the Treasury and the administration, to make sure that we, in the unfortunate event—if it should occur—that we don't raise the debt ceiling by August 2, do everything we can to minimize the disruption that will follow.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

THE DEBT CEILING

Mr. DURBIN. Madam President, in 1939, we passed a law and the law created the debt ceiling. Before that law was passed, whenever the Government of the United States of America wanted to borrow money, it had to come to Congress. Congress had to approve it and the President would sign it. We decided then to change it. Instead, we said Congress will approve a certain amount of money that the President can borrow and we will change it as needed. In other words, we don't have to approve every single bond issue, every single borrowing of the Federal Government. In 1939, that is what we did.

Since then, on 89 different occasions, Presidents of the United States have come to Congress and said the money Congress spent I have to borrow to cover. We don't have enough in the Treasury. Eighty-nine different times Presidents have come and asked for the authority to borrow money to cover expenses Congress approved. Fifty-five times Republican Presidents; 34 times Democratic Presidents. Not once—not once—did we ever default. Oh, there was a period, I think in 1979, where there were a few days of technical default, but there was never any conscious decision by Congress not to fund this debt ceiling and extend it.

It is ironic that Members of the Senate have come to the floor and said: I will never vote to extend the debt ceiling as long as I serve in the Senate. They are the same Members of the Senate who have been voting for and sending to this President requests to spend money. An example: the war in Afghanistan. Some of the most conservative Senators on the other side of the aisle not only want us to wage this war but to stay there and keep spending money. Do we know what it costs? It costs \$10 billion a month for us to protect our troops in Afghanistan. For every \$1 we spend—every \$1 we spend—whether it is on the war, on food stamps, on missiles, on highways—but for every \$1 we spend, we borrow 40 cents. We should not be borrowing all this money, but we do because Congress says there are certainly things we have to do as a nation.

Many of the same Senators who have said to the President of the United States: Do not withdraw the troops from Afghanistan, keep them there even longer, are now coming to the floor and saying to the President: But we are not going to join in asking for the authority you need to provide that money for those troops.

The Senator from Pennsylvania has come here the second day and given his take on what would happen if Congress fails to extend the debt ceiling on August 2–5 days away, August 2. What would happen?

First, understand, this is a self-inflicted wound. We have created this crisis. Madam President, 89 times we have extended the debt ceiling without incident. Presidents of both parties have asked for this over and over.

Who holds the record for extending the debt ceiling the most during his 8-year Presidency? Ronald Reagan. Eighteen times—18 times—more than twice a year, he asked Congress to extend the debt ceiling because under his 8-year watch the debt of the United States tripled.

Who holds the record for second place on the list of increasing the national debt? President George W. Bush, who, I believe, came to us seven or nine times asking to extend the debt ceiling.

It has been done by Presidents of both parties.

Now there is this controversy that is raging between the House and the Senate about whether we extend the debt ceiling. It is a vote we have done customarily without this confrontation in the past. Now we face it. But we have created this crisis. It is a self-inflicted wound, and to blame anybody else for it is just plain wrong. History tells us Congress not only has the authority to extend the debt ceiling. It is hypocritical to pass bills on the floor of the Senate—to call for the President to wage a war or build a building—and then not give this President the authority to borrow the money to do it. That is what I am hearing from the other side.

The Senator from Pennsylvania comes and says: We can live with this default. We have to figure out how to manage this default. I think he said at one point it could be managed easily. Wrong, completely wrong.

Let me tell you what happens if we default on the national debt for the first time in history. First, what does it do to the reputation of the United States of America? We have a credit report too. I do not know if you can get a free credit report for the government, but we have one. We have a AAA rating. Pretty good, right? The best in the world, the strongest economy in the world. It means when we borrow money, we borrow it at the lowest interest rate because people trust the United States of America to keep its word.

If we borrow money and say we are going to pay it back, we have always done it. We have never defaulted. We are pretty trustworthy as a debtor, and creditors understand that and charge us the lowest interest rates.

If this goes through as promised by the tea party people, and we default on our national debt, for the first time in history, what do you think it is going to do to our credit status? I can tell you what it is going to do. It is going to diminish our credit reputation in the eyes of lenders. What happens when lenders think it is riskier to loan money? They raise interest rates. In other words, the money we borrow to sustain our government will cost us more. How much more? For every 1 percent increase in interest paid by our government on our debt, it costs us \$130 billion a year added to the debt. That is not \$130 billion worth of money

for education or \$130 billion worth of money to protect us from terrorism. That is \$130 billion to international bankers and countries that loan us money from this self-inflicted wound.

What else would happen? Sadly, when interest rates on our Federal Government go up, interest rates go up across our economy. It affects every family, every individual, every business in America. It affects how much you pay on your credit card bill, how much you pay for an automobile loan, a home loan, a student loan. All of these are affected. It is as bad, if not worse, than a tax because it hits everybody.

It could not come at a worse time. When our economy is struggling to create jobs, with millions out of work, to think that this unnecessary, manufactured political crisis, self-inflicted wound is going to hurt our economy in its recovery is just plain wrong.

Let me go to the specific point made by the Senator from Pennsylvania. Stay tuned and listen to what he just said. He said to us he has asked our government to tell us how they would manage a default—who would you pay, who would you fail to pay—and the government has not been forthcoming, the President, with a plan on who will be paid and not paid.

Well, we will get that plan, and we will not like it one bit. Here is why. If we do not extend our debt ceiling, in the month of August here are the raw numbers we have to work with. We will have \$172 billion on hand in our Treasury to spend in August, and we will have obligations of \$306 billion.

So what do you do when you have 55 percent of what you need? You make choices. The Senator from Pennsylvania said: Here are my three choices. First, we pay interest on other debts we have so we do not default on everything. That is sensible. Secondly, he said, we pay Social Security because these folks—many of them—have no other source of income. That is sensible too. Then he said we ought to pay our troops in combat and the military. I vote for that too. These men and women are risking their lives and they should be our highest priority. He says we can talk about the rest.

What is the rest? I will tell you what the rest includes. It includes every Medicare payment to every hospital and doctor in America. It includes every payment to a disabled veteran in America. It includes the decision as to whether we are going to fund Federal employees. If they are not your favorite class of people—I happen to think a lot of them, but many people do not—keep in mind some of the things they do that we will have to decide whether we should continue doing.

I was at the Greenville Federal Correctional Facility 2 weeks ago. The men and women risking their lives holding people in prison, thousands of them across the United States—pay them or not? They were not on the list. They were not on the list of the Senator from Pennsylvania.

We just had a meeting where we talked about our weather satellites collecting information about weather around the world, warning people when severe weather patterns are developing. Should we pay NOAA to maintain those satellites in orbit?

As you go through this list—whether you are talking about the FBI fighting terrorism, whether you are talking about the men and women representing the United States at embassies around the world, whether you are talking about law enforcement, whether you are talking about the intelligence agencies of the United States that watch on a minute-by-minute basis the activities of terrorists who would kill us—they were not on the list from the Senator from Pennsylvania. He did not put those on the list.

If we get down to a choice, and if it becomes that terrible a choice, understand this President—no President—wants to face that. They do not have to. It is time for us to get this resolved.

When I call radio shows back in Illinois—and I will bet the Presiding Officer gets the same thing back in Missouri—people are fed up with what they see going on in Washington. They cannot believe grownups in the House and Senate, paid to do this job, are failing; that they are dragging this out.

I will tell you what I got yesterday: an e-mail from a businessman in Chicago. He is a friend. He has a lot of businesses. He has a lot of people working for him. He had a closing yesterday on a deal worth more than \$100 million to renovate a major building in Chicago. It would have been a lot of jobs. It would have been great for our city. The closing was canceled. The parties at the table said: Until Congress gets this figured out, we are not going to close the deal.

He sent me an e-mail and said: For God's sake, when is this going to come to an end?

I am hearing that all over from people who are just fed up.

The Chicago Tribune printed an article today entitled: "Across state, businesses fret over debt ceiling showdown." They went through a long list of individuals who talked about what this stalemate might mean.

As the article states, Ed Wehmer, with Wintrust Financial Corporation, "worries that a prolonged stalemate could lead to a double-dip recession," even more unemployment.

"The possibility of not getting a Social Security or other government check will make people skittish," Wehmer said. That could weaken consumer spending and hamper economic growth. Higher interest rates, he said, would hit an already stressed real estate market.

A banker in Lake Forest said: "Could you imagine if we ran our business like that," referring to what is going on in Washington. "These are the people who make the regulations we have to live with."

The Illinois Hospital Association figures that its members will have to absorb \$8 billion in federal payment reductions over 10

years as a result of the 2010 health care overhaul act. Now, [they are] bracing for another blow.

"We're concerned that any additional cuts to hospitals, whether through Medicare or Medicaid, will have a dramatic impact on hospitals and health care providers . . ."

The Illinois Finance Authority—all of these groups look at this situation and say: This makes our economy even worse. It is a self-inflicted, politically manufactured problem. It is a crisis which does not have to exist. Should we ignore our debt? Of course not.

Madam President, you know I have worked on this issue for a year and a half now with more specificity than ever in my career. I was on the deficit commission the President appointed. Then I stuck around afterwards as six Senators—the Group of 6, we called ourselves; it was not a very inspired name, but that is what we came up with: three Democrats and three Republicans—and we sat down for 6 months and hammered out an agreement among us to reduce our Federal deficit by \$4 trillion over the next 10 years, with a balanced approach that puts everything on the table—everything—revenue, entitlements, spending—everything.

We came to an agreement. We presented our agreement to the Senators just 2 weeks ago. Forty-nine Senators showed up at that meeting, Democrats and Republicans. It was amazing. Then we followed up and said: Are you ready to put your name on the bottom line? Will you support moving forward with this bipartisan way to deal with the deficit in a responsible way that does not endanger our economy and make us face bankruptcy as a nation?

We now have 36 Senators, Democrats and Republicans, who have signed up. That is a pretty good number. It shows that this is not an idea that we came up with that does not have legs. Sure, we are going to have to change it. We understand that. But look what happened. Democrats and Republicans sat down—no cameras, no reporters—and worked out a reasonable way to deal with the deficit and our Nation's debt.

What is better? Lurching from this crisis to another crisis 4 months from now, as Speaker BOEHNER suggests, or dealing with this in an honest, bipartisan way today?

Madam President, I can tell you what the American people want us to do—at least I think I know what they want us to do. They do not want us to endanger this economic recovery. They do not want us to kill jobs. They do not want us to hurt businesses. They want us to help this economy recover and create jobs. They want us to extend this debt ceiling so we do not see interest rates going up across America at exactly the wrong time. They certainly do not want to see us put in a position where we have to decide between paying Social Security recipients and our soldiers who are in combat. That is what the administration would face if this crisis that has been manufactured on Capitol Hill continues.

What they expect us to do is to earn our pay as Members of the House and Senate, to work hard to come up with a reasonable approach, and to be willing to give a little. It is the only way you reach a compromise. Compromise is the nature of this political process. Those who condemn it—and there are some who do, who say: Never give up, stick to your principles, never change—we are not going to get a solution. We have to be willing to work together to give and get this done.

Here is what I predict is going to happen soon.

I predict Speaker BOEHNER is going to call his bill on the floor of the House. We have told him in advance it is a nonstarter here. If it passes the House, it will come here, and it will likely be voted down. We will then propose an alternative.

Majority Leader HARRY REID has an alternative which basically extends the debt ceiling beyond next year so our economy has time to recover. It cuts spending by over \$2 trillion so we address our deficit. It does it with a list of spending cuts that every Republican has voted for so it is not controversial in substance. I think that is the best approach.

He creates a joint committee to deal with the long-term deficit. I have been involved in those, and I think we should. I think it is a good, balanced approach that solves our problem and gets us through this crisis. We are likely to vote on it either tomorrow or the next day. But we are down to 5 days. We are running out of time. We have to get this done.

I want to tell you, any Senator who comes to the floor and says defaulting on our debt and reaching the first point in our history where the credit reputation of the United States is in doubt is OK, it is a good political tactic, they do not understand the gravity of that decision and the impact it will have on businesses and families for generations to come.

This notion that we can pick and choose the checks we are going to send out in August when we are going to have 55 or 60 percent of what we need is going to put us in an impossible position. Deciding among all of the valuable, important functions of government which ones will not be funded—that is an impossible position for this President to be in. We cannot do that to him. We cannot do that to our government. We cannot do this to our country.

I hope that after the House votes today or tonight, whenever it may be, that we take up the measure quickly. Let's move this forward. Let's get this done. Let's avoid this crisis. Let's meet the responsibility we were elected to address.

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

The PRESIDING OFFICER (Ms. KLOBUCHAR). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. 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. PRYOR. Madam President, I understand that we are in morning business and Senators are allowed to speak therein for up to 10 minutes.

The PRESIDING OFFICER. That is correct.

A HOUSE DIVIDED

Mr. PRYOR. Madam President, our greatest Republican President, Abraham Lincoln, in his drive to end slavery, said "a house divided against itself cannot stand." With these few words, Lincoln is calling to us through the echoing halls of history. He is calling for us to put aside our differences and to become unified into one people, one Nation, one common purpose.

Mr. Lincoln recognized that the issue of slavery was tearing this great Nation apart and that it could not survive half slave and half free. Slavery was the great unfinished business of our Founders. The institution of slavery was so ingrained in the infant country's past and future that even Washington, Adams, Jefferson, Madison and Franklin could not disentangle it. I am not trying to equate carrying too much debt with slavery, please understand that, but the truth remains. A house divided against itself cannot stand.

This house, this Nation, this Republic, is divided against itself. Our Founders called their effort at establishing a new Nation "a great experiment"—and it has been. Nothing like it had ever been tried and America has been the unequalled success in all of world history. Truly, we are the envy of the world. We began as 13 weak and barely united States but quickly became the strongest country in the Western Hemisphere. About 70 years after we adopted the Constitution, we survived a deadly Civil War. All the while we grew in stature and in favor with other nations. Our economic power grew rapidly. American influence grew as we became the agent of democracy and capitalism for the entire world. Although our military power was slow to develop, we fought on the winning side in two world wars and we grew into an economic, military and cultural super power.

We are a Nation of immigrants, of many faiths, of many races and our national call to union is E Pluribus Unum. Out of many, one. Out of many States is forged one Nation. Out of many races is forged one people. Out of many, one. The Founding Fathers had to balance the agrarian interests of the South and West with the industrial and shipping interests of the North and East. They balanced small States and big States. They balanced regions dominated by the frontier with regions dominated by the old world. They balanced Catholicism and Protestantism and Judaism. They balanced English