

held in segregated accounts—something considered sacred within these markets.

If anybody still doubts that Wall Street has not learned from its mistakes, I would have you talk with the farmers in my State who can't access their life savings and aren't sure when or how much of it they will ever get back.

Dean Tofteland, from Luverne, MN, a town of 4,600 people—his family grows corn, soybeans, and raises pigs on their farm in southwest Minnesota. He currently has over \$200,000 in what was supposed to be a segregated MF Global account, which he cannot access and which he may never fully recover. He is not a speculator. He invested to reduce his risk—locking in prices ahead of the growing season so he is protected from price fluctuations that can eat into his profits.

Talk to Dennis Magnuson, a pork producer from Austin, MN, who had a substantial amount of money with MF Global that he used to stabilize the cost of feed for his pigs. Both Senators in the Chamber are from States that have livestock, and they know the cost of feed has been escalating. That is why he vested. He knows the risks—price swings, poor crops, bad weather. These are all part of farming. But his account at MF Global was supposed to help manage those risks, not become one.

It is not just individual farmers; the effects of MF Global's collapse are rippling through the whole agricultural community.

Here is a letter from Philip Deal, who writes:

I am the CEO and General Manager of Wheaton-Dumont Co-Op Elevator in Wheaton, MN.

Wheaton is located on the western edge of Minnesota by the North Dakota/South Dakota border. Our cooperative has approximately 1,200 active members and a total membership of more than 5,000. So the MF Global situation affects a great number of people here.

We employ about 115 people, and we are easily the largest nongovernment employer in all of the communities we operate in.

Our business uses a Chicago Mercantile Exchange and Minneapolis Grain Exchange to hedge grain purchases and sales. We do not speculate. We have always relied on the implied fiduciary responsibility of the Commodity Futures Trading Commission and the Chicago Mercantile Exchange to safeguard our segregated funds.

The impact to our business has been huge. We have been forced to double-margin the missing funds. This has increased our interest expenses and decreased our ability to buy and sell grain.

Simply put, we cannot afford to lose any money on this deal. On a local level, the very future of our business is at stake. On a larger level, if segregated funds are lost, market participants will leave the market, open interest will decline, and market liquidity will fall. Everyone loses.

Sadly, Philip Deal is correct. The failure of MF Global has caused millions in investor losses, created significant uncertainty in the markets, and has left many in my State confused

and angry—and they should be angry. Just 3 years after the 2008 financial collapse, and what has changed? How can ordinary folks trust this system? Who can they trust to protect them?

Two weeks after the collapse of MF Global, it was announced the Commodity Futures Trading Commission, which is leading the investigation into the missing funds, will receive only two-thirds of their budget request for 2012, potentially limiting the agency's ability to do its job at a time when the markets they oversee are expanding exponentially. This is not acceptable. We need to make sure our regulatory agencies aren't allowing Wall Street bankers to go down the street in their Ferraris while those standing up for the middle class—those at the agencies that are supposed to regulate them—are not following behind in a Model T Ford.

We don't know with certainty what the ongoing investigations into MF Global will find, but there is little doubt Congress has work to do. Already the CFTC, after our hearing in the Senate Agriculture Committee last week, has come up with some changes they are proposing to how these funds can be invested. I think more needs to be done. There are also rules of disclosure being considered and that were discussed today at a House hearing, as well as in our Senate Agriculture hearing, that need to be changed. These changes were made to the CFTC rules in 2000 and in 2005 they loosened the rules and expanded things. They need to go back to where they once were, where they protected investor savings.

Investor trust in segregated accounts is vital to market confidence and is the cornerstone of customer protection in the commodity futures market. This trust has been breached. I urge my colleagues to join me in demanding those responsible for the MF Global failure be held accountable for their actions and that steps are taken to prevent this from ever happening again.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Senator from Wyoming.

Mr. ENZI. Madam President, I ask unanimous consent to speak as in morning business for whatever time I might use.

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

SPENDING VERSUS REVENUE

Mr. ENZI. Madam President, I wanted to take this opportunity to share with you what has been keeping me awake, and I am sure, if I explain it well enough, it will keep you awake as well. Misery loves company. This is misery that is going to affect your future, and the Senate has to make some changes to have a future for this country.

For 14 years, I was the only accountant in the Senate. I have been joined by Senator JOHNSON of Wisconsin, who is an accountant, and these kinds of

numbers always bother us a little bit. I have put together a couple of pie charts here. This one on the left represents the spending we are doing; the one on the right represents the revenue we are receiving to do the spending. These are proportionately correct. This is the spending; this is the revenue to do the spending. Dramatically different. The revenues are dramatically lower.

There are a number of pieces to this that I think probably will reveal more. The spending, incidentally, is \$3.456 trillion. We are spending \$3.456 trillion. We are taking in \$2.2 trillion. That is \$1.3 trillion less than we are spending. So we are spending a third more than we are taking in.

How long can you do that? There is no end in sight. What is that made up of? Well, one of the things we worry about is Medicare, Medicaid, and Social Security. I have the revenues represented here for Social Security and other social insurances, and we are taking in \$865 billion a year to support these programs. This piece of the pie is what we are having to put out for those same programs. We are having to put out \$1.494 trillion; so \$865 billion versus \$1.494 trillion.

When we say these programs are going broke, I think that fact is pretty evident. If you don't make any changes, this kind of spending will eliminate a program that seniors rely on. I used to say when we are spending at this rate, we are stealing from our grandkids. Now we are to a point where we have spent so much, it is no longer our grandkids we are stealing from, it is our kids. And in a matter of months the bill could come due.

Europe is having some difficult financial times, and they are changing the way money is going to be available to secure the bonds that allow us to do this kind of spending. These actions could have widespread implications for the United States very soon. We also took Social Security money and put it in a trust fund. I always say, don't trust the trust funds. What we did is put IOUs in a drawer and we spent the money. We are spending some of the money twice. How long can you spend the money twice?

Let us take a look at some of the other parts of this pie, because we always talk about the nondiscretionary spending. Well, to cover our discretionary spending, which includes Defense and all of the nonmandatory items, we are spending \$1.349 trillion. And the income? Individual income tax is paying \$899 billion. Corporate income tax pays \$191 billion. I bet people thought there was a lot more corporate tax than that.

Part of the reason for this corporate number is that a lot of people have single proprietorships, partnerships, or small business corporations. If a business is in one of those three categories, the money their company makes goes straight to their tax line, even though hardly anybody in business can take

out all of the money they make. If they do not reinvest that money into the business, it business would go broke. So they do not get to take the money out, but have to count it through the individual tax code. That goes in this \$899 billion of individual income, as opposed to the corporate tax of \$191 billion. There is also an excise tax of \$67 billion. These are the kinds of numbers that have to fund \$1.349 trillion of spending.

We have discretionary spending of \$660 billion and we have military spending of \$689 billion. I mentioned Social Security, Medicare, and Medicaid, but besides that we have other mandatory spending adding another \$416 billion in spending. That \$416 billion accounts for the other items we have said will definitely be paid no matter what kind of shape the Federal Government is in. There are all sorts of programs included in that tally.

This little yellow sliver here, a very important one, is the interest we have to pay. That is mandatory as well. We don't have an option on whether we are going to pay the interest on the bonds that we owe. Those interest costs come to \$197 billion a year and that is at the lowest interest rate in the history of the United States. What happens when that goes up? As European countries have more trouble trying to sell their bonds, they are going to have to pay a higher rate to be able to sell those bonds. When they have to pay a higher rate, we will have to pay a higher rate. We are all competing for the same dollars, and there aren't enough dollars out there to fund this kind of an increase in spending each and every year. How do we make up the \$1.2 trillion more we are spending than we are taking in? It's a huge difference we aren't coming close to addressing.

I hope people can grasp the difference between spending and revenues. If you look at your own personal budget, your spending better be lower than your revenues, or at least no greater than the revenues. We haven't grasped that concept here yet. We did eliminate earmarks for the most part, and that helps, but it was still a rather small amount and we are still adding programs.

Sometimes we add programs as a demonstration project. A group of Senators get together and they say, our five States could do something beneficial with this new program we have devised, so we will put a little money in the budget and draw up the criteria so just those five States can receive these monies. And the purpose is to see whether the program is effective. In my 14 years here, I have rarely seen one of these types of tailored programs that wasn't effective. I suppose there are some I never heard reported on, but I yet to see one that isn't effective. This means the following year the same group comes back and says, we just had this revelation, this marvelous experiment that happened in our State. It was spectacular and it ought to be

expanded to every State in the Nation. Well, if it is that good, it probably ought to be expanded to every State in the Nation. But with whose money? With what money? We are already spending more than we are taking in.

We can't do the demonstration programs on new ideas unless we can eliminate some of the old ideas, which brings up another problem. Another thing we do around here is we say we are going to eliminate this program, and over 10 years it will bring in the \$5 billion needed to fund a new program. Well, that savings is accrued over 10 years, but the money on the new program is going to be spent over 1 year or 2 years at the most. That is pretty bad accounting. That is how you get to a situation where you have the current spending level versus the current revenues, by using creative accounting to pay for that new program.

Well, you can't bind a future Congress, so there is no assurance that the current method of getting the revenue will stay around. There is also no assurance we won't use that same pot of revenue two or three times. We will probably be told this is not the case, but I have seen some instances around here where revenue has been spent more than once.

One of the other problems we have around here is that we have too many spending decisions to make. There isn't a business in the world, with the exception of a business like Wal-Mart, that spends \$3.456 billion in a year—1 year. There aren't many businesses that comes close to that. And they have a bevy of accountants figuring out how to make expenditures, cuts, and balance the budget for the year.

What we do here in the United States Senate is an appropriations process. We have broken that process down into 12 pieces to make it more manageable, but 12 pieces doesn't cut it. You can't get into the detail for spending the billions. One of those numbers is \$689 billion. How long would it take to go through the expenditures on \$689 billion? We have to trust some of the past spending and some of the past obligations, but we can't be as conscientious and detail-oriented as we should be.

So what do we do about it? Well, we do omnibus bills. That is where we look at what we spent last year, and we put everything into one package and hurry up and pass it so the government can continue to operate. Before that happens, we might do a series of continuing resolutions. We say, we can't shut down government because there are so many things people need that we have already approved—to the tune of \$3.456 trillion—so we have to keep government operating. What we end up with is a continuing resolution.

A continuing resolution allows a government agency to spend one-twelfth of what they had the previous year each month until we get a funding agreement for the remainder of the fiscal year. In 2008, we spent 27 percent less than we spend right now. I think a lot

of the agencies would be delighted to have us keep continuing one-twelfth of their last year's allotted spending each month this year. That is what we have been doing, and it's not getting us anywhere.

I think there ought to be a penalty, which would be reflected in every one of the budgets. I think every time we pass a continuing resolution there ought to be a reduction in the amount spent each month until we get a final resolution. That could be 1 percent or $\frac{1}{2}$ percent or $\frac{1}{4}$ percent, but there should be some kind of a reduction if we are ever going to reduce spending and pay down our debt.

There is another responsibility, and that is for appropriators to figure out how to get this spending circle down to the size of the revenue circle. This is the only part that the Appropriations Committee has worked on—this little third of the square that contains discretionary spending.

What we are going to have to do now is come up with some solutions. I have some solutions. I am not going to go into those today, but what I want people to do right now is to think about how much we are spending versus the revenue we have. Every person in America needs to be thinking about the way the programs they are involved in can be a part of getting the spending circle down to the size of the revenue circle. It is everybody's responsibility.

What we continually run into are the groups—particularly from our States—that come in and say: I have this fantastic program and we just need a little increase for inflation because it is such a phenomenal program. For years, we have been able to do that. That is how the balloon got this big. We are not going to be able to do that anymore.

What would be helpful is if people could suggest how, in their program, they could make it better for less money. It is either going to have to be better for less with a little pain right now, or wait a couple years and have it worse for less with a lot of pain.

We are at a point right now where we reduce spending 1 percent for each of 7 years and get to a balanced budget; that is, 1 percent true cuts. That isn't 1 percent less growth. It is 1 percent true cuts each and every year, and it has to cover the whole circle, not just the discretionary part of the spending circle—which is what we usually concentrate on—and then have some discretionary capability on it. The fact is, the largest amounts we spend in this whole piece of the pie is spent on mandatory spending, and it is conversely funded by a much smaller amount. We can't do that for long. We are going to have to propose solutions.

Instead we have been in scenario where people come in and say we need a little bit more money or don't cut my program; keep it the same size. I ask for suggestions on how we could keep this practice going in light of our disproportionate revenues and expenditures. The usual approach is to tell me

and my fellow senators there are a couple of other programs that we ought to eliminate. We are looking at those too.

We looked at them in the Health and Human Services areas, Senator COBURN and I did, and found there was \$9 billion of duplication. Do we need duplication? I would hope not. Senator COBURN got so excited, he did this same study for the entire Federal Government and found \$900 billion in duplication. Does that mean a whole lot of other agencies were a whole lot less efficient than Health and Human Services? No. It means we have duplicative programs in every single agency.

We also have financial literacy programs in every single agency. If we are spending \$3.456 trillion and only getting \$2.2 trillion in revenue, is the financial literacy in our government working? I don't think so.

When I first got here, there were 119 preschool education programs. Preschool is important. The start children get from when they are first born until they go to school makes a huge difference in their growth and development for the rest of their lives. However, we had 119 programs and once we took a closer look, we found many of them, according to their own evaluation, were failing. We now have that number down to 69 programs. Do you know why we can't go below 69? My jurisdiction as Ranking Member of the Health, Education, Labor, and Pensions Committee is over the Department of Education, which only has 8 programs—8 of 69 preschool programs. The Department of Agriculture has the most preschool programs.

That's why, when Senator COBURN is talking about duplication and looking at the complete picture of everything the Federal Government does, there is duplication in each and every agency. What we are going to have to do is pick out those that operate with the most efficiency and results, give them a little more funding and eliminate the other duplicative programs. Getting rid of duplication is a surer way of solving the problem than some of the other ways that have been talked about.

One other avenue we keep talking about is waste, fraud, and abuse. Yes, there is waste, fraud, and abuse. We need everybody in America to help us find that waste, fraud, and abuse, but in reality, the total cost of waste, fraud, and abuse is a rather elusive number. Does anybody know how big that is? Everybody is guessing. It is only a guess how much there is. We need to find it, and we need to be taking the money from eliminating these actions before we spend it.

We will sometimes attempt to use the waste, fraud, and abuse numbers as the pay-for for a new program. We aren't able to spend that money until we actually have it, but what happens it is used as pay-for and the program goes into effect, but nobody follows up to go out and dig up that waste, fraud, and abuse. Instead, the waste, fraud, and abuse money ought to go into a

fund before it can be spent on something else.

However, when I am talking about duplication, the \$900 billion worth of duplication, I am talking about numbers that we can go to the Federal budget and look up. We can find out exactly how much those programs are spending. In its duplication, we wouldn't eliminate all of them, but we ought to be able to eliminate half of them. Madam President, \$450 billion alone, half of Senator COBURN's total duplication findings, would be a huge change for this country.

I hope we look at some of those ideas to cut spending. I have a 15-page speech that would explain some ways we could solve this problem, but what I am trying to do is get people to grasp the concept that our Federal tax receipts, and total revenue, is far outweighed by the circle that shows what we are spending. As a family, people know they can't budget this way. As a government, we can't do it for very long, even if we print our own money. Somehow we are going to have to shrink the spending circle down until it is that size or grow the revenue circle until it is—they are comparable in size, or a combination of the two. As I said, I will give some other speeches to outline some of my other ideas. In the meantime, I hope everybody will take a look at the chart I have shown today.

We can't look at it and say don't touch Medicare, Medicaid, and Social Security, we can't have \$½ trillion of extra expenditure spending in that category alone for long. There is another \$416 trillion in mandatory spending in that same category. How long can we keep spending at this rate? What happens if interest rates go up? This piece of the spending pie can become much bigger and probably will. I don't know how long we can keep interest rates as low rate as they are now. If they go up, it will help some seniors because they have some investments in cash that would get higher interest rates, but for the country as a whole, rising interest rates that already make up 6 percent of our budget will only be more cause for worry. When that one expands above the 1 percent we are spending right now—and it is going to expand in the next couple of years because of what is happening in Europe—we had better be worried about it.

This is the kind of picture shown by the deficit commission that Erskine Bowles and Alan Simpson chaired. I was hoping we would repaint this picture a number of times between the time they released their report 1 year ago and now, because we have to get America to understand. Actually, I can tell you the people in my State understand this. I don't need to explain it to them. They know how much more we are spending versus what we are taking in. They can even tell you the numbers. They are concerned, and they need to be concerned. We all need to be concerned.

I am open to suggestions on this. I will have some speeches I'll give later

reiterating this definite problem we are in. I have said a number of times our country has maxed out its credit cards.

A couple weeks ago during a trip to Wyoming, I checked into a hotel and I used my Senate credit card. The lady a few moments later, very embarrassed, said: "I am sorry, but your card is being rejected." I said: "I guess the Federal Government is in worse trouble than I thought," and used my own card and it went through.

We had better be worrying about it now because we do have a problem. We have maxed out our credit cards, and there are not any other places we can go for money. We have been the bastion of money for years.

Keep in this in mind. Start thinking of ways we can actually make some cuts and increase some revenues. I have ideas for both in speeches I'll give in the future. We are in a crisis. It will be a more immediate crisis any time and we are no longer spending our grandkids' money; we are spending our kids' money, and it is about to come due on us. When I say "on us," I am even including myself and the seniors in that count. The day of reckoning is not far away.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUTENBERG. 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. LAUTENBERG. I ask to speak as if in morning business.

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

FUTURE OF AMERICA

Mr. LAUTENBERG. Mr. President, we are here now deciding what kind of a country America might be in the future—whether it will be a place we can look back at and remember when everybody had a chance at success.

It is hard to believe that when we look at the vote we just had. It confirmed where the Republicans are on the issue of whether middle-class families should get a tax break. The Republican answer, was no. The answer they gave on the middle-class families tax break was: Absolutely no. No, no, no.

To the struggling single parent who wants to provide for their family, works hard every day, the Republicans said no way. To the recent college graduate trying to start a career but having trouble paying back college loans, paying rent, paying living costs, the Republicans said no. To the working couple, a family with a couple of kids who needs some help in this tough economy, the Republicans said no. No, no, no. The Republicans refuse to help them because their mission is to shield the wealthy from paying their fair share of our country's obligations.