

families with the basics in life, to make sure they pay the rent, the mortgage, the utility bills.

The first casualty in many of these families is health insurance. Can you imagine raising children not knowing if one trip to the emergency room will be something you could never hope to afford. Unemployment benefits allow people to keep their families together and to continue looking for work.

I urge my colleagues, before we consider leaving for the holiday season, let's get the job done. President Obama has made it clear. He will not allow us to go home until we get this job done. Extend the payroll tax cut for 160 million Americans; maintain unemployment benefits for those millions who are counting on them to put bread on the table and keep their families together during a very difficult time and let's pass a spending bill. We agreed on the limits on what we would spend. Let's pass the bill now in a bipartisan fashion. I hope we can reach that point.

One last point. I now hear the Republican Senate leader come to the floor and tell us this entire debate, this entire breakdown, all the problems we have had is about an oil pipeline. Now, I did not know that until last week. I wish he would have spoken up a lot earlier, that an oil pipeline, the Keystone Pipeline, which has been controversial, has to be part of any deal. He said at one point that it may even create 20,000 jobs.

I am quick to remind my colleague, there are 14 million Americans out of work and 160 million counting on this payroll tax cut. So 20,000 jobs is important. I would love to see every job we can responsibly bring to this country. But let's not stop the business of government, let's not stop helping this economy recover over one issue, whatever it may be—whether it is a pipeline or whatever it may be.

We owe to the people who sent us here to respect them, to show that we will do our best to keep this country moving forward and do it in the name of so many of our men and women in uniform who are sacrificing today as we meet in the safety and security of this Chamber.

I yield the floor, and 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. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BLUMENTHAL). Without objection, it is so ordered.

SPENDING AND TAXES

Mr. HATCH. Mr. President, over the last few weeks the Senate has been engaged in a familiar exercise. The Democratic majority, urged on by the President, offers up an increase in spending to be paid for by an increase

in taxes. If anything, this familiar refrain should cement in the minds of the American people that President Obama and his congressional allies remain committed to a policy of tax and spend. Let's not mistake any of this for carefully designed stimulus spending or tax policy. No, the series of tax-and-spend proposals brought to the Senate floor during the past few months were designed for political reasons only. It remains unclear what any of this has to do with job creation. In fact, I suspect that much of this bread and circus routine is meant to distract the families and taxpayers from the President's mediocre record on job creation and economic growth.

For months the Senate has been asked to consider higher taxes, including surtaxes on the so-called rich to pay for whatever the Democrats have settled on as their spending idea of the week. Most of those ideas were sold as stimulus even though they include things such as an infrastructure bank, which would be a brandnew GSE to gobble taxpayer resources—just like Fannie and Freddie—and which would take years just to get off the ground. Most of the ideas have been designed to appease Democratic constituencies—mostly unions—and to construct campaign-season talking points attacking Republicans for their failure to increase taxes on the evil rich in order to pay for the Democrats' spending sugar highs. The focus on politics has become such a priority for the President that he is now in the unusual position of making a raid on Social Security's trust funds his principal policy objective.

At first, to pay for the very massive new stimulus plan of the President's, the Democrats wanted to limit deductions for people earning \$200,000 or more, which in September was evidently how they defined the so-called rich. Next came a proposed surtax of 5.6 percent on people earning \$1 million or more to pay for the President's stimulus scheme. We can't be sure, but I suspect this jump in the income threshold for the Democrats' tax increases came when high-income Democrats in high-income jurisdictions such as New York, California, and New Jersey made it clear that this is where they had to part company with the President. Next came a surtax of 0.5 percent on high-income earners to give funds to States to help pay mostly union workers. Then came a surtax of 0.7 percent on those earners to help pay for a new Fannie and Freddie called an infrastructure bank. This was followed by a surtax of 3.25 percent on those earners for a payroll tax expenditure. Finally came a surtax of 1.9 percent on those earners for the payroll tax expenditure.

The pattern is clear: Democrats roll out their stimulus spending plan of the week, find out how much it will cost, and then find out what surtax to slap on high earners, including business income recipients. That is how we get

tax proposals with rates of 5.6 percent, then 0.5 percent, then 0.7 percent, then 3.25 percent, and then 1.9 percent. Who knows what will come next. Never mind that businesses across this country have been clear that massive uncertainty about the current administration's policies, regulations, and tax increases is holding back their hiring, job creation, and the economy. People are uncertain about what their future health care costs will be, what their future energy costs will be, what their future regulatory environment will be, and what their future taxes will be. Given the past few months of tax rate roulette being played by the Democrats, is it any wonder that families and businesses are uncertain and pessimistic about the future?

These tax rates have nothing to do with designing optimal tax policy and everything to do with scoring cheap political points and growing an already bloated Federal Government. These tax rates have nothing to do with engineering greater wealth or income equality through the Tax Code. These tax rates have nothing to do with creating a foundation for growth in jobs and the economy. They have everything to do with paying for politically favored, poll-tested stimulus spending.

In the President's \$800 billion-plus stimulus of 2009, we were told that the measures would be temporary and we would "pivot" later to fiscal austerity. But the promised pivot never comes. Still today we are told to spend more now and pivot later, but the promised pivots never come. Unfortunately, unless we pivot, we will run off a budgetary cliff and face the deficit and debt crisis plaguing Europe today.

These tax rates recently proposed by Democrats have nothing to do with long-term economic growth and more to do with the President's vision of government as the benevolent allocator of people's hard-earned income. Not content with his average deficits being close to 25 percent of the entire size of our economy—which we have not seen since the years surrounding World War II—the President and my Democratic friends here in the Senate want to permanently enshrine a European-sized government in the American economy. They don't just want additional infrastructure spending, they want a brandnew government bureaucracy free of Congress to tax and spend. They want an all-powerful, unchecked government czar to control the provision and costs of consumer credit cards. They want an overzealous EPA to control reliable sources of energy no matter what the cost of their policies. They want an activist Labor Department to control how workers and companies can bargain to control where they can operate a business and to push people into their union voting base whether they support the union or not. The President's pursuits are not those of someone who thinks that in certain instances government is constitutionally authorized to act and can occasionally do some good. His record is

that of someone who is confident that in most cases, government technocrats can do better things with Americans' hard-earned incomes than Americans can do for themselves.

When we look at the variable menu of recent tax rates proposed by Democrats, we have to ask whether, once enshrined into law, the 5.6-percent rate or the 0.5-percent rate or whatever happens to be their flavor of the week is where my friends on the other side of the aisle would leave things. I have every reason to doubt they would stop at those rates and every reason to believe they will work as hard as they can to keep increasing those rates, demolishing businesses and jobs as they go. I have every reason to believe the current President will stick with his commitment to "spread the wealth around" and ask the so-called rich—and that could mean people who earn as little as \$200,000, according to Democrats—to pay "just a little bit more."

So where will they stop? What is the optimal tax-the-rich rate of taxation? Economist Peter Diamond, who was nominated by the President to serve on the Federal Reserve Board, has proposed in recent writings that "tax policy needs to be socially acceptable" and then finds it acceptable to go on to say that the so-called optimal top tax rate could be as high as 73 percent. The current top marginal tax rate on earnings in the U.S. economy is around 42.5 percent when we combine income tax rates of 35 percent with the Medicare tax and average State taxes. The cutoff for the top percentile of tax filers is about \$400,000, according to Diamond's analysis.

When we consider the liberal conventional wisdom about how businesses operate, the American people, it seems to me, should be careful about where the Democrats' tax hike proposals might lead. The bottom line is that the sky is the limit.

Consider the New York Times' December 9 editorial, tucked in between advertisements for jewelry, properties, and baubles that only the tremendously megarich could afford, where the liberal press offered the following guidance on tax policy:

The latest Democratic bill to cut the payroll tax, blocked by Republicans on Thursday, called for a 1.9 percent surtax on income over \$1 million. More important, for any savvy business owner, a surtax would have no bearing on hiring decisions. If new workers are profitable before tax, they will be profitable after tax, even if the employer has to pay slightly more of the profit in taxes.

This perfectly encapsulates the understanding of the economy by folks who have never run a business or tried to turn a profit. The liberal notion is that business owners are immune to basic economics and that their hiring decisions are entirely unaffected by tax rates.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HATCH. I ask unanimous consent to be able to speak for just a few minutes more.

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

Mr. HATCH. With this view in mind, it is not hard to imagine proposals for taxes upward of 73 percent because those megarich business owners simply won't flinch.

The Democrats' burning desire to raise taxes seems to confuse income and wealth. They abhor the outsized wealth accumulation of the megarich, even though they love the campaign contributions flowing from them. They seem to think that massive increases in income taxes will cure the growth in inequality observed over decades in the United States and in many foreign economies.

Some of our Nation's wealthiest individuals, such as Bill Gates and Warren Buffett, join this chorus and call for higher taxes on others, even though they channel large portions of their wealth to private foundations, revealing their preference for resources to be allocated in the private sector rather than by the government.

Even our President calls for more taxes on himself, although he could write a check to the IRS at any moment. He calls for a Buffett rule, even though he paid a tax rate of 26.3 percent in 2010, which, according to a recent Congressional Research Service analysis, means the President violates his own idea of the Buffett rule by paying a lower tax rate than well over 10 million more moderate income taxpayers.

The past few months have witnessed a variable menu of tax rates offered by my friends on the other side of the aisle. They claim these tax increases will secure equality, economic growth, job creation, and more.

Those claims are false. The evidence is clear that the recent proposals from Democrats have been more of the same: tax and spend, move toward a permanently larger government, and design politically motivated bills they know will fail in the Congress in order to hone election year talking points.

We need to be clear with the American people that these proposals might be good for government, but they will do little to cure the ills of our economy.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I ask unanimous consent to speak for up to 15 minutes in morning business.

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

CLASS WARFARE

Mr. KYL. Mr. President, last Thursday marked the fifth time this year the majority has initiated a vote on the so-called millionaires' surcharge—a tax that primarily affects small businesses—in order to "pay for" a piece of legislation. Notably, Thursday also marked the fifth time this year this tax increase failed to pass the Senate,

which suggests, of course, it is being used for political purposes.

President Obama and his supporters have argued that the tax increases they support—such as the millionaires' surcharge—will not affect anyone but the wealthiest Americans, and that those people have to start doing "their fair share" because they "can afford it." They repeat the phrase "shared sacrifice."

In a recent campaign speech in Kansas, President Obama took the class warfare argument to a whole new level, injecting his speech with false economic moralisms and evoking what he calls the "you're on your own" economics of Republicans and suggesting that the "breath-taking greed of a few"—these are his words I am using—has been crushing the middle class. The President's object seems to be purposefully conflating all upper income taxpayers with those reckless few who helped cause the financial crisis, ignoring, I might add, those in Congress who also helped to create that crisis.

The President's rhetoric is not only wrongheaded, in my view it is irresponsible. I wish to make three points in response.

First, the President of the United States should not be pitting Americans against each other. Class warfare has no place in American debates. It is divisive, and it is unhelpful to the national discourse. It is especially unbecoming of the President, who is the only person elected to represent all Americans. He should speak for all Americans, especially in times of high unemployment and high economic uncertainty, not pit them one against each other for short-term political gain.

America is not a caste society. There is no formal class structure engrained into our way of life. The opposite is true. That is why millions of people left the old countries in Europe and elsewhere to come here for economic opportunity and to compete in our free markets.

Why doesn't the President offer encouragement about America's strengths and its future, rather than play into some Americans' fears? In other words, why doesn't he run the kind of campaign he ran in 2008—one based on unity and hope?

The answer, I am afraid, is because the President's record during the last 3 years does not inspire much hope: a massive stimulus filled with special-interest goodies, a government takeover of health care, a failed cap-and-trade agenda, an EPA power grab, and more new job-killing regulations than one can count.

Obviously, the policies of the last 3 years have not left Americans in better shape than they were 3 years ago. Indeed, about three-quarters of Americans say the country is on the "wrong track." As columnist Charles Krauthammer wrote in a recent column: "Obama has spent three years on signature policies that ignore or aggravate" structural problems, such as