strong, smart, and good. I thank the rabbi for his time and attention to the Senate today.

EXHIBIT 1

RABBI BARUCH FRYDMAN-KOHL

Baruch Frydman-Kohl is the Anne and Max Tanenbaum Senior Rabbi of Beth Tzedec Congregation, the largest synagogue community in Canada. The focus of his rabbinate has been a commitment to family education, life-long learning and care for the housebound, hospitalized and homeless. Rabbi Baruch initiated the development of a ''synaplex'' of innovative ritual and educational opportunities to encourage more participation in synagogue life.

Beyond the synagogue, the Rabbi is the President of the Toronto Board of Rabbis and recently organized the Path of Abraham mission to bring Jews, Christians and Muslims to the Holy Land to explore the challenges of three religions, two nations and one land. He serves on the Board of UJA Federation of Toronto, has served on the Executive Committee of the Rabbinical Assembly, and as past president of two of its regions. He was awarded a Coolidge Fellowship to pursue research in an inter-faith community at the Episcopal Divinity School at Harvard University. The Rabbi received his doctorate in Jewish Philosophy from the Jewish Theological Seminary and is a Rabbinic Fellow of the Shalom Hartman Institute of Jerusalem. Rabbi Frydman-Kohl is the author of scholarly articles in the area of Jewish philosophy and mysticism.

Rabbi Baruch's father, Jack, and Senator KOHL's father, Max, were brothers and young teenagers during the First World War when they were caught between the Austrian-Hungarian Empire and Czarist Russia. They were taken captive and sent to exile in Siberia. Later, after Max's immigration to America, he helped to bring Jack and his family to Milwaukee. Through their love and care for each other, the two brothers enabled each other to survive war and to build a new life in America.

Rabbi Baruch is married to Josette. They are the parents of Yakov (married to Sarah), Rafi and Amir and the doting new grandparents of Ilana Adi.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. REID. Mr. President, it is a remarkable short history, very amazing how wonderful our country is. I note just in passing that my wife's father, my father-in-law, was born in Russia, immigrated to the United States like the rabbi and Senator KOHL's father.

FISCAL CLIFF

Mr. REID. Mr. President, it took 4 months, but Republicans are finally realizing their way back from the fiscal cliff has been right in front of them all along. In July the Senate passed legislation to give economic certainty to 98 percent of American families and 97 percent of small businesses, to every American making less than $250,000 a year. For 4 months we have been one vote away from a solution to this looming crisis. For 4 months House Republicans have refused to act. Instead, they have held the middle class hostage to protect the richest 2 percent of taxpayers—people who have enjoyed a decade of blooming income and shrinking tax bills.

One has to admire the President, who went out and campaigned on this issue. He did not in any way walk away from the issue. He said: That is how we are going to get our fiscal house in order. And independents by a huge margin, Democrats by a huge margin, and 41 percent of Republicans support what the President asks us to do.

So now reasonable Republicans—I think it is very important—are coming around to what Democrats have said all along: Let's reassure millions of Americans that taxes will not go up by $2,200 a year on January 1; that is, those people who are the middle class of America.

Prominent Republicans are calling on Speaker BOEHNER to end the suspense for millions of these American families. Yesterday Republican Congressman TOM COLE of Oklahoma, a veteran in the House of Representatives, urged his caucus to pass the Senate's legislation keeping taxes low for those making less than $250,000 a year. That would pass by an overwhelming margin. All the Speaker has to do is let it come up for a vote. I would bet a lot of his Republicans would vote for it. I would bet a majority of his Republicans would vote for it. Virtually every Democrat would vote for it. They only need 218. There are 435 Members in the House. We also noted yesterday that Republican Congressman TIM SCOTT of South Carolina, who is noted for his conservatism, admitted yesterday that if the Speaker brought our bill to a vote, it would surely pass. So it is time the House Republican leadership listened to the will of the American people—Independents, Democrats, and Republicans—and also the advice of the reasonable members of their own caucus. The way out of this standoff is clear. Yet we are left wondering how long Republicans will force middle-class families to wait and to worry.

Unfortunately, resolving the standoff will not resolve every conflict over the fiscal future. We have to end wasteful tax breaks for the richest Americans. We agree. We agree with the majority of Americans. We are serious about reducing the deficit. It will take a balanced approach. Last year we successfully worked across party lines to cut $1 trillion worth of spending we could not afford. Even our Republican colleagues acknowledge budget cuts alone will not solve our fiscal challenges. We can argue over whether to give more wasteful handouts to the wealthy. They can do that tomorrow. We can discuss balanced, responsible ways to reduce our deficit tomorrow. But let's take care of the middle class today.

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 for 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half.

RECOGNITION OF THE MINORITY LEADER

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

FISCAL CLIFF

Mr. MCCONNELL. Mr. President, throughout the week, I have raised questions about the President's level of seriousness and engagement when it comes to resolving the short- and long-term fiscal challenges we face. I have done this because, as I have said repeatedly, the President is the key to success in all of these discussions. So I am hoping that when Secretary Geithner comes up to the Capitol today, he brings a specific plan from the President that the two parties could agree to for the good of the country. I hope to hear the administration's specific plans for protecting jobs and promoting economic growth for middle-class Americans, while reducing the debt by strengthening entitlements, reducing Washington's spending, and preventing a tax hike on every American taxpayer.

Up until now, the White House has preferred talking points and an appeal to the hard left to a serious discussion about how we fix the economy, reduce the Federal debt, and return the country to a path of growth and prosperity for all. They are stuck on the same old tired slogans, and it is really completely counterproductive. So this morning I would like to address one of these recurring talking points in a little more detail in the hope that the White House puts it aside and starts talking in a way that suggests they are actually serious over there about finding a solution. I am referring to the oft-repeated assertion by the White House and reporters alike that those of us who insist on not raising income tax rates on anybody are doing so to ''protect the rich.'' I assure you, that has absolutely nothing to do with it. Check the polling data. The super-rich vote for the Democrats. We are not insisting on keeping tax rates where they are to protect some tiny sliver of the electorate; we are insisting on keeping tax rates where they are first and foremost to protect jobs and because we do not think government needs the money in the first place.

The problem, as I have said, is not that Washington taxes too little, but it is that it spends too much. But if more revenue is the price Democrats want to exact for supporting other necessary reforms, then we should at least agree that we do it in a way that does not cost jobs and disincentivize work, as we all know raising rates would do.

A lot of people around here seem to have forgotten that we are still in the middle of a jobs crisis. I can tell you that lots of folks are hurting in my State of Kentucky. National unemployment is still just a hair below 8 percent, and millions of Americans are still looking for work.

So if it is an iron law of economics that you get less of what you tax, why on Earth would we want to raise taxes on work? Rates matter because they affect behavior. The higher the tax rate, the higher the disincentive to work. This isn't just Republican orthodoxy, it is basic economics. As the nonpartisan Congressional Budget Office recently put it, ''Increasing revenues by raising marginal tax rates on labor would reduce people's incentive to work and therefore reduce the amount of labor supplied to the economy.''

That is the CBO, not the Republican National Committee. They go on to say over at CBO, it would, by itself, ''decrease output in the medium and long term.''

In the middle of a jobs crisis, that is the last thing we ought to be doing. Shouldn't we at least agree on that? The negative effect raising rates has on labor is so widely acknowledged that the Joint Committee on Taxation actually has models that incorporate the effects of doing it. They also know that higher rates increase the incentive to shelter income from taxation. When rates are higher, the people paying them try even harder to keep the government from taking what they earn.

In short, raising rates means less labor, less investment, and more incentive for the wealthy to waste money in an attempt to shelter what they have earned. We can quibble about the magnitude of these effects, but everyone agrees they exist.

The problem is particularly acute for those thinking about taking a second job in a household, which in many cases unfairly targets married women looking to supplement the family income or someone considering a promotion or starting a new venture.

Instead of raising rates, Republicans have proposed capping deductions through tax reform instead. If the only way to get Democrats to agree to progrowth tax reform and meaningful entitlement reform is through more revenue, a smarter way to do it is by capping deductions. Capping deductions, or tax expenditures as some people call them, is a far less painful, more economically sound, way of closing deficits. The Congressional Budget Office agrees. As the Congressional Budget Office recently put it:

> Increasing revenues . . . by broadening the tax base would probably have a smaller negative effect, or even a positive effect, on the amount of labor supplied.

The White House likes to say you can't come up with a realistic plan to reduce the deficit without raising tax rates. It is not true. Not only are there plenty of ways to do it, there are ways to do it that minimize the disincentive to work, and they can be found right in the President's own budget. In the President's own budget he proposes three different ideas that, combined, dwarf the $442 billion revenue his own Treasury estimates he could grab from increasing two rates. All of them cap the amount that higher income Americans can deduct from their income taxes, and all of them do it in a way that is far less damaging than raising those tax rates while protecting middle-class taxpayers.

Look, I don't like any of these ideas. They all hurt somebody. The government spent way too much money as it is. Frankly, I don't think the Democrats are any more interested in using new revenue to lower the deficit now than they have ever been. But don't tell me you have to raise rates to do it. It is not true. The longer Democrats keep saying it, the longer it is going to take to come up with an agreement.

The only reason Democrats are insisting on raising rates is because raising rates on the so-called rich is the holy grail of liberalism—the holy grail of liberalism. Their aim isn't job creation; they are interested in wealth destruction—not job creation but wealth destruction.

The President needs to realize that he wasn't elected President of the hard left wing of the Democratic Party. He was elected President of the United States. He is the steward of the Nation's finances. He has a responsibility to everyone to work out an agreement, and that means he has to come up with something that can get through a Republican House of Representatives.

We are waiting on the President. We can still get there, but he is going to have to lead. He can start by putting the campaign talking points on the shelf. I know that whacking the rich works politically. It worked pretty well for him in his campaign; I get it. But the election is over, and it is time to lead.

TRIBUTE TO TOM JURICH

Mr. President, yesterday was an extremely happy day for my alma mater, the University of Louisville, and I want to talk today about an extraordinary individual who has achieved an incredible success at my university over the last 15 years. It has been my privilege during my career to get to know a number of people in all walks of life who have been highly successful. However, I am hard pressed to think of a more conspicuous example of success than what Tom Jurich has accomplished for the University of Louisville in athletics in the last 15 years. Membership in the ACC, announced yesterday, is the culmination of his extraordinary leadership.

Tom Jurich has for 15 years served as the athletic director for the University of Louisville, and yesterday it was announced that UofL, as I indicated, will be joining the Atlantic Coast Conference. The ACC will be a great home for UofL and the school's commitments to academics, groundbreaking research, and top-ranked athletic teams.

Under Tom Jurich's leadership, student athletes at UofL have been making and breaking records and stirring excitement deep in the hearts of Cardinal fans all across Kentucky and all over the world. Since joining the Big East Conference in 2006, Cardinal teams have won 50 championships, with 10 of those in the 2011–2012 season alone, 10 championships just this year.

Our men's basketball team ranks No. 2 in the Nation in total attendance records. Our women's basketball team ranks No. 2 in the Nation for average attendance per game. I think it is safe to say Cardinal fans love their basketball.

Tom Jurich masterminded the hiring of legendary men's basketball coach Rick Patino, who has led the Cardinals to three Big East titles and two Final Fours, including one last season. Now ranked in the top five nationally, this year's Cardinal team is well poised to make another run for the Final Four.

Tom was also responsible for hiring head football coach Charlie Strong, a legend in the making, who has revitalized the Louisville football program by leading the Cardinals to two bowl games and a share of the Big East championship in his short tenure there. Now in Coach Strong's third year, the Cardinals are 9–2 and have been ranked in the top 10 nationally this year and have a chance to win the Big East title in a nationally televised game against Rutgers tonight.

Under Tom Jurich's tenure, Cardinal teams have been brought home championships in sports as diverse as baseball, field hockey, men's soccer, women's soccer, volleyball, men's cross country, men's golf, women's golf, softball, men's swimming and diving, women's swimming and diving, men's tennis, women's indoor track, and men's and women's outdoor track and field, an extraordinary list of accomplishments.

Tom Jurich has grown the school's physical facilities to be, in my view, the best in the country. Under his leadership the men's and women's basketball teams began playing in a new state-of-the-art KFC Yum! Center in downtown Louisville in 2010. It is an arena equal to any college basketball facility, college or professional, in our country.

Under Tom Jurich, an expansion of Papa John's Cardinal Stadium was completed in 2010, giving UofL football fans one of the best stadiums in the country in which to watch a game, seating 55,000. Tom Jurich also oversaw the construction of an extensive sports park that includes new softball and field hockey stadiums, a soccer field surrounded by a track, fitness trail, and playground.

Tom has increased participation for women's athletics, upgrading funding and support staff for existing women's programs and adding four new women's sports: softball, golf, rowing, and lacrosse. He transitioned field hockey and women's soccer and baseball to fully funded programs. For his accomplishment, he received the Citizens for Sports Equity 2000 Sports Leadership Award.

For his success as an athletic director, Tom was honored as the Louisvillian of the Year in 2005 by the Louisville Urban League, and he was nationally recognized in 2007 as Street & Smith's Sports Business Journal and Sports Business Daily Athletic Director of the Year. The university also recognized his enormous contribution to the institution by appointing him vice president for athletics in 2003.

Yesterday, the totality of Tom Jurich's accomplishments was recognized when the ACC voted unanimously to accept the University of Louisville as its newest member. This is an exciting time for Cardinal sports fans. We relish the opportunity to play in the strongest league in the Nation and show that Cardinals are able to compete and beat anybody.

To my good friends from the fine States such as North Carolina, Virginia, New York, Pennsylvania, Florida, Indiana, Georgia, Massachusetts, and South Carolina, I say ''look out.''

I have been pleased to get to know Tom well over the years, as well as his wife Terrilynn and their wonderful family. I don't think I have ever met anybody who has done a better job building an enterprise than he has, given what he had when he came to the university in 1997, and then look at it today. He has built an athletic department that boasts a budget in the top 20 in the country, championship football and basketball teams, record-setting men's and women's basketball attendance at our new downtown arena, and enormous success for all the other school sports that may not get as much attention but are just as vital to the students and the community in Louisville. He has done all this while increasing academic success for student athletes with a record 21 of 23 Cardinal athletic teams producing a 3.0 or higher grade-point average in the most recently completed semester.

It is a truly extraordinary accomplishment. I am proud of my friend Tom Jurich and what he has done. I want to extend to him my heartiest congratulations from the Senate floor.

Go Cards.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas is recognized.

FISCAL CLIFF

Mrs. HUTCHISON. Mr. President, I rise today to talk about the need to address entitlement reform as part of the impending fiscal cliff.

I am not just going to talk about the macro issue, I am going to talk about specifics on a way that we can at least do one entitlement reform, Social Security, and make a difference for the long-term future of Social Security and the millions of Americans who depend on it and have earned it.

It is so important that it be part of the discussion today. So much of our short-term consequences and needs for the fiscal cliff have dominated the discussion. Well, that is okay; we are 1 month away, after all, from dire circumstances. However, we cannot avoid talking about the long term because that is what we have been doing that has caused us to reach a fiscal cliff. We need to look at entitlements. According to Medicare trustees, for instance, Medicare paid $35 billion more to beneficiaries than it took in last year in payroll taxes, and its trust funds will be depleted 12 years from now if we don't act to save Medicare in a responsible way.

The other issue that is not being talked about very much at all is Social Security. In 2010 and 2011, Social Security expenditures, the benefits paid to retirees and the disabled, exceeded payroll tax revenue for the first time since 1983. So as a practical matter, we know the Federal Government is borrowing to pay the Social Security needs of today.

Last year, 2011, the Social Security trustees reported that with benefits paid continuing to exceed payroll, the trust funds would be depleted in 2036, after which the program would have a net unfunded obligation through the end of Social Security's 75-year valuation window, and that net unfunded obligation would be $6.5 trillion. After reading the trustees' report last year, I drafted the Defend and Save Social Security Act to preserve and strengthen Social Security for 75 years. The longer we delay, the longer and more painful the fix will be.

I keep hearing Members of Congress, and even the President, saying Social Security is off the table; we are not going to talk about it when we are talking about the fiscal cliff. That is an astonishing statement for the President and Members of Congress to say, that we are not going to talk about 56 percent of the spending in this country, that it is off the table, because that is what mandatory spending is—56 percent of our spending in this country on an annual basis. Of that, let's take out Medicare, Medicaid, and Social Security, which is 44 percent of the total spending of our country.

According to the Social Security trustees—1 year after the 2011 report—the Social Security trust fund reserves, because we waited 1 year to do anything about it, will now be depleted in 2033. That is 3 years earlier than was estimated just 1 year ago. And the unfunded obligation for the 75-year window has now grown to $8.6 trillion.

So we can see what happens with just 1 year of delay to the security of Social Security and the capability to keep it going. In 21 years, if we don't do something there will be severe cuts or severe increases in taxes that will be automatic. Without any act of Congress, they will be automatic. Talk about a fiscal cliff now, think about the cliff Members of Congress will face then because we didn't do our job in addressing this issue when the solutions were there in a relatively clear glide path that would be relatively unnoticed in most households.

Let me lay out what will happen: There will be a 25-percent automatic cut to the retirement payments and the disability payments that are going out now in Social Security. That would be an average of $308 per month.

The Social Security trustees put it straight out there. They have two ideas to shore up Social Security right now: One is to immediately and permanently increase the combined payroll tax on employees and employers from 12.4 percent to 15.01 percent. That would be a one-fifth increase in the payroll taxes that are, in the norm, being paid today.

The other alternative they suggested is to cut core benefits right now by $200 per month. They said that would do it—$200 per month in cuts to Social Security checks.

I don't think anyone in America believes that is feasible or even desirable—either of those options. So what can we do? We can act now. We can reform Social Security without cutting core benefits and without increasing taxes on people who are working today.

I introduced a new version of my Defend and Save Social Security Act after the 2012 report came out from the trustees, and it covers the 75 year window and the shortfall of $8.6 trillion which is estimated, and it doesn't raise taxes on the people working today.

Here is what it does: It increases the age of retirement very gradually. When I introduced my bill just last year, it wouldn't have affected anyone who was 58 years old or older. But in just that 1 year, because the deficits in Social Security payments going out have occurred, today it is 59 years of age. No one 59 years of age or older would be affected. For everyone else it would be a very slow increase of 3 months per year. For instance, the normal retirement age would reach 67—going from 66—by 2019, 68 by 2023, 69 by 2027, and 70 by 2031. The early retirement age would be increased to 63 by 2019 and 64 by 2023.

The second point: The COLA—the cost-of-living adjustment—would be reduced slightly when inflation is 1 percent or more. Inflation has averaged about 2.5 percent, so there would be a COLA, but it would be about $12 less if inflation is kicking in above 1 percent.

There would be no core benefit cut at all, just a slightly smaller COLA increase if inflation goes up, and then we would have a secure system. It would be a system that would last 75 years. We would not have the $8.6 trillion added to our deficit and no core benefits would be cut.

Mr. President, I ask unanimous consent for 2 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, let me just say that is not the only thing we could do. We could change the cost of living to the chained consumer price index. That would be OK. It wouldn't get us as much of a deficit reduction over 75 years—a chained CPI—but it would get us at least into a better position if we increased the age rate.

I just want to give a note of history. When President Reagan was facing the same issue, and the Senate was one-party dominated and the House the other, he got together with House Speaker Tip O'Neill, and they formed a commission which started the increase in age that we have today because people were living longer and they were working longer. We can do the same thing President Reagan and Tip O'Neill did, because our government is a similar configuration, by coming together and acknowledging that people are living longer and are working longer.

We can make accommodations for people who are in particularly physically strenuous jobs. I think all of us understand people in those jobs may not be able to work as long. We can do those things and fix this issue in a responsible way. Let's do it now. One more year is going to make it that much worse. We have added $2.1 trillion to the deficit in just 1 year. We can do this.

Mr. President, I thank the Senator from Arizona for giving me the extra 2 minutes to say let's do it now. In fact, the Senator from Arizona has been a cosponsor of my bill to fix Social Security. We cannot address the fiscal cliff without talking about entitlements and mandatory spending, which is 56 percent of our spending. Anybody can do the math on that.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

Mr. KYL. Mr. President, first, let me thank my colleague from Texas for her leadership on this and so many other issues that we have worked on over the years. One of my regrets in leaving the Senate is that I will not be able to work with her, and she has said the same thing about me. We will be off doing something else, but we are not going to give up on some of the fights we have been engaged in during these years.

I want to just begin where my colleague left off, about the meaning of this fiscal cliff and what is being proposed as alternatives to going over the fiscal cliff. I was interested this week that the President has embarked on what one newspaper referred to as ''the fiscal cliff campaign trail.'' We have seen the pictures. He is out speaking as if the campaign were still going on, and the centerpiece of his pitch—and I heard him say it on TV again last night—is that the House of Representatives should pass a bill that was passed in the Senate related to 2001 and 2003 income taxes.

The President is a constitutional scholar, and he served in the Senate. He knows that can't be done. It is unconstitutional. The Constitution requires that all revenue measures must be initiated in the House of Representatives. That is one reason the bill got through the Senate, because everybody knew it couldn't pass. It was simply a statement by our Democratic colleagues. It wasn't serious legislation. But if we look at the legislation itself, we begin to see why Republicans are so opposed to what the President is proposing—because of the job-killing policies contained in that bill the President would ask the House of Representatives to pass.

What are we talking about specifically? I don't like to get into this kind of detail very often, but somebody has to at some point just discuss the actual facts of what this bill would do. It would raise the marginal income tax rates from 33 percent to 35 percent in the fourth bracket, and in the fifth bracket from 36 percent to 39.6 percent—almost 40 percent.

Well, what is the problem with that? Let's start with the fact that 53 percent of all income from so-called flowthrough businesses is subject to these higher tax rates. That is because most small businesses are not corporations. They are called flowthrough entities—subchapter S corporations, limited partnerships, and those kinds of entities that pay their income taxes as if they were individuals. So they are governed by the top two marginal rates.

Well, they are governed by all the marginal rates of the income-tax code. So when we raise those rates, we are raising taxes on much of small business income. In fact, almost 1 million small business owners—940,000 to be exact—would be hit by the higher taxes caused by the President's proposal. That is an average, by the way, of well over 18,000 per State of the Union.

What else would it do? It goes directly to business taxes, such as capital gains taxes. It raises that from 15 to 20 percent, which is why we are seeing a lot of activity right now taking advantage of the lower rate, and we are going to find virtually none of that after this rate is increased to 20 percent. It is one of the reasons we will go back into recession, as the Congressional Budget Office has pointed out.

It also raises taxes on qualified dividends from 15 percent, where it is today. The problem of raising taxes on qualified dividends is, as the Wall Street Journal has reported over and over again, that companies that are paying dividends are dumping them all right now so they will all be paid out before the end of the year.

If you are a retired teacher or a retired fireman or have a pension and you are counting on your investments to pay dividends in the future, forget it. Once the dividends rate goes back up, corporations are not going to plow their earnings back into dividends to the shareholders as they do today. But these don't even tell the whole story because, of course, once you are taxed as a corporation—and this pertains just to the corporations, not the flowthrough entities I mentioned—you are doubled-taxed if you also pay a dividend or you have a capital gain. You have to pay not only your corporate income tax but the tax on the gain, or the individual pays the tax on the dividends that are paid out by the corporation.

So we already have the fourth highest integrated capital gains and dividends rates in the industrialized world at over 50 percent. Why would we want to make ourselves even less competitive by raising these taxes? We would fall even further behind our international competitors with the second highest capital gains rate, 56.7 percent.

Talk about a blow to the economy—which is the way the President put it 2 years ago when he decided not to raise all of these rates. Of course, we all agreed with him on that. It would be an even bigger blow to the economy to do so today. Our growth rate today is less than it was 2 years ago when the President himself said these very policies he is advocating would be a blow to the economy.

The last thing I would mention, everybody knows about the death tax. We have forgotten about what would happen with the death tax. The death tax rate would go to 55 percent, up from 35 percent today. A lot of people think 35 percent is way too much and would like to see it eliminated. I would. But think about this. You would only have $1 million of the farm or the business or the estate exempted from the tax. After that, over half—55 percent—of everything you have worked for all your years would have to go to Uncle Sam, leaving your heirs frequently with the requirement of selling off all or part of the business or the farm, whatever it is, in order to pay for the estate tax.

It would increase the number of estates hit by the death tax from 3,600 this year to over 55,000 next year. There would be 24 times more farm estates that would be hit, 13 times more small businesses, 15 times more taxable estates.

This is not good for our economy, and it is not good for our families. The estate tax raises about 1 percent of all the tax revenue. To hurt the small businesses again by raising this death tax rate is just unconscionable.

People need to stop and think. This is not just about hitting the rich; this is about hitting small business folks, the very people we anticipate will create the jobs coming out of the economy.

Let's turn to job creation issue for just a second. Ernst & Young, the respected accounting firm, released a study recently that estimated the long-run effects of a plan very similar to the Senate bill that the President is advocating—the top two rates increasing, combined with the ObamaCare tax rates taking effect, all of this together, that study found that 710,000 jobs would be lost just as a result of this, 710,000 jobs.

The President likes to brag every now and then that we have an increase of 100,000 or 115,000 jobs in a month. Here is 710,000 jobs they say would be lost just from the increase in these tax rates. Our gross domestic product would decline by $200 billion, and wages would fall by 1.8 percent.

I know these statistics make our eyes glaze over sometimes, but these are the facts; these are the results. And poorer families and a weak economy and a lot of joblessness are the result.

To put these numbers into perspective, 42 business organizations representing tens of millions of American employees—including those in wholesaling, air conditioning, retail, franchising industries, and others—recently sent a letter to the congressional leadership urging Congress not to raise income taxes during negotiations over the fiscal cliff and instead to pursue comprehensive progrowth tax reform.

I ask unanimous consent to have this letter printed in the RECORD at the end of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KYL. I will conclude by quoting one sentence from it.

We call on Congress to avoid raising marginal tax rates on employers, either as part of negotiations over the fiscal cliff, or as part of a larger effort to reform the tax code. Instead, Congress should seek to enact comprehensive tax reform that simplifies the tax code and encourages economic growth for both passthrough businesses and corporations.

As I said, the passthrough entities are those small businesses, and the corporations are those that pay under the corporate tax rate. So I think the data, as well as the voices from employers around the country, make it clear that the Senate bill, combined with the tax increases from ObamaCare, would have a devastating effect on economic growth and our ability to create jobs.

What should we do instead, just to summarize? I think the better approach is the one the Republicans have been proposing. We actually have a plan, as opposed to the administration's plan—the only part of which I can discern is to pass the Senate bill, which raises tax rates. Our plan is to avoid the tax rate increases that would otherwise automatically occur on January 1 and commit to tax and entitlement reform that raises revenue through economic growth, eliminates wasteful credits and deductions and loopholes, and cuts spending in the future.

Recall that, in 1986, President Reagan signed into law a historic tax reform bill that lowered corporate and individual tax rates and eliminated a lot of loopholes. It wasn't a perfect bill, but the 1986 reform package can serve as a guide for revenue-neutral tax reform moving forward. Cutting our corporate tax rate—which had a combined rate of 39.2 percent as the highest in the industrialized world—would dramatically boost American competitiveness and improve our standard of living.

Many studies have found that lowering our corporate rate will increase growth, including one which found that cutting the corporate tax rate by 10 percentage points can increase the annual growth rate by around 1.1 percent. Since we are only a little over 1.1 percent as it is, cutting it by that much would have a dramatic impact.

Comprehensive tax reform also means lowering tax rates on individuals, including the 95 percent of passthrough entities that file as individuals.

The Reagan tax reform also provided relief for businesses that are not structured as C corporations. During Ronald Reagan's 8 years, 20 million new jobs were created. More specifically, after tax reform became law, inflation and unemployment fell.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. KYL. Mr. President, I ask unanimous consent to proceed an additional 1 minute.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KYL. If we are interested in growth, Congress must avoid raising tax rates in the lameduck session and instead pursue tax reform, which sends a signal to the world that we are open for business.

Short of going off the fiscal cliff entirely, passing the Senate tax increase instead of pursuing these progrowth and fiscal reform ideas is the worst idea on the table. Raising the top two marginal rates would reverse longstanding tax policy and hit nearly 1 million business owners in the process, and it would eliminate over 700,000 jobs.

So if the President is genuinely interested in economic growth and higher tax revenues that come from it, he should drop his demands for the Senate bill and listen to the growing bipartisan consensus that higher taxes hurt growth and lower taxes help create jobs and prosperity.

EXHIBIT 1

NOVEMBER 27, 2012.

Hon. HARRY REID,
Majority Leader, U.S. Senate, Capitol Building, Washington, DC.

Hon. MITCH MCCONNELL,
Minority Leader, U.S. Senate, Capitol Building, Washington, DC.

Hon. JOHN BOEHNER,
Speaker of the House, U.S. House of Representatives, Capitol, Washington, DC.

Hon. NANCY PELOSI,
Minority Leader, U.S. House of Representatives, Capitol, Washington, DC.

DEAR CONGRESSIONAL LEADERSHIP: As organizations representing millions of passthrough businesses employing tens of millions of workers, we strongly urge Congress to pursue comprehensive tax reform that lowers rates on all forms of business income while enacting significant entitlement reforms that put the federal budget on a sustainable fiscal path.

Congress faces two fiscal challenges in the near future. First, it will need to take action on the ''fiscal cliff'' of expiring tax provisions and automatic spending cuts. Second, it will need to raise the debt ceiling.

In taking on these challenges, we call on Congress to avoid raising marginal tax rates on employers, either as part of negotiations over the fiscal cliff, or as part of larger effort to reform the tax code. Instead, Congress should seek to enact comprehensive tax reform that simplifies the tax code and encourages economic growth for both pass-through businesses and corporations.

Raising rates on individuals and employers will harm hiring and investment now and into the future. According to the Congressional Budget Office, allowing top tax rates to rise to their pre-2001 levels and beyond will result in 200,000 fewer jobs early next year. Ernst & Young has estimated that the impact of these higher tax rates will be to reduce long-term employment levels by more than 700,000, while also lowering overall investment and suppressing wage levels.

The prospect of higher marginal tax rates is already having an adverse impact on the economy. According to the National Federation of Independent Businesses, two-thirds of business owners cite the uncertainty over future fiscal policy as making it more difficult for them to grow their businesses and increase employment. At the same time, the rate of business creation is at its lowest level in two decades.

Although some have asked Congress to enact corporate-only reform in the coming year, there is no economic or political justification for reform that lowers marginal tax rates on corporations while raising either marginal or effective tax rates on the 95 percent of businesses structured as pass-through entities who employ more than half of the U.S. workforce.

Finally, we are eager to see Congress enact permanent, comprehensive tax reform, but this alone will not solve the long-term fiscal imbalance. The Trustees to Social Security and Medicare have made clear that, absent reform, these programs are unsustainable. While Congress should commit to tackling comprehensive tax reform, it is also imperative that Congress agree to develop a long-term plan to address America's entitlement programs as well.

Simply put, we need to reform our tax code and we need to reform our entitlements.

Sincerely,

Air Conditioning Contractors of America, American Council of Engineering Companies, American Farm Bureau Federation®, American Foundry Society, American Supply Association, American Trucking Association, AMT—The Association For Manufacturing Technology, Associated Builders and Contractors, Associated Equipment Distributors, Associated General Contractors of America, Automotive Aftermarket Industry Association, Financial Executives International, Food Marketing Institute, Heating, Air-conditioning & Refrigeration Distributors International, Independent Insurance Agents & Brokers of America, International Foodservice Distributors Association, International Franchise Association, Metals Service Center Institute, National Apartment Association, National Association of Convenience Stores, National Association of Wholesaler-Distributors.

National Automobile Dealers Association, National Beer Wholesalers Association, National Electrical Contractors Association, National Federation of Independent Business, National Grocers Association, National Lumber and Building Material Dealers Association, National Marine Manufacturers Association, National Multi Housing Council, National Restaurant Association, National Retail Federation, National Roofing Contractors Association, National Small Business Association, National Utility Contractors Association, Printing Industries of America, Professional Beauty Association, S Corporation Association, Service Station Dealers of America & Allied Trades, Tire Industry Association, Truck Renting and Leasing Association, United States Chamber of Commerce, Wine & Spirits Wholesalers of America.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I appreciate Senator KYL's comments, and I share them. We are going to miss the most knowledgeable fiscal tax expert in the Senate, and his long career includes time on the Finance Committee. I thank Senator KYL.

I want to express some reservations about the negotiations that have been going on, as I understand it from reading the paper, involving the fiscal cliff.

Over the last 2 years, Congress and the President have held an endless series of negotiations. There have been Gangs of 6 and 8, a supercommittee of 12, talks at the Blair House and the White House. But the only thing these secret talks have produced is a government that skips from one crisis to the next. Everything has been tried but open production of a 10-year plan from this Senate that is required by law, that would allow us to openly debate and discuss concretely the financial challenges we face today.

All of this secrecy allows the President to position himself as being in favor of a balanced plan—which is what he says: I favor a balanced plan—while the only comprehensive proposal, to my knowledge, he has actually laid out was in January or February of this year when he laid out his budget. Of course, it was voted down unanimously. In both the House and the Senate not a single person voted for it. But he did lay out a financial plan for the country. He put it on paper.

Basically, it increases taxes to fuel more spending. That is what the plan did. It increased taxes $1.8 trillion and increased spending $1.4 trillion over the agreement we just reached under the Budget Control Act in August, a year ago.

So we reached agreement on 10 years of spending limits in August, a year ago. Then January, 6 months later, he proposes a budget that would increase taxes $1.8 trillion and spending that would increase another $1.4 trillion over that BCA baseline: tax and spend. Not taxes to reduce deficits but taxes to fund new spending. That is why the budget puts us on track to have $25 trillion in total debt at the end of 10 years—another almost $10 trillion in debt added to the current debt level.

Insofar as I can see, that tax-and-spend policy remains his goal today. The White House isn't planning to raise taxes to reduce the deficit. It raises taxes, under their plan, to expand government. That is not acceptable. I don't believe Congress will accept such a deal if that is what is going on in these secret negotiations.

President Obama campaigned on tax increases just on the wealthy, just on raising their rates, just only $800 billion in tax increases. But now the White House is demanding $1.6 trillion in tax increases. Don't the American people have a right to see where those taxes fall, who they will impact, and how much they are?

Shouldn't the President lay out his plan? He is the President of the United States and the only person who represents everybody in the country. Will that remain a secret? Will it just be revealed to us on the eve of Christmas or the eve of the new calendar year? We will be asked to vote for or to ratify like lemmings, I suppose.

The White House has repeatedly asserted they believe in $2.50 in spending cuts for every $1 in tax hikes, which does not reflect sufficient spending cuts. But if the White House now wants $1.6 trillion in new taxes, where are the $4 trillion in spending cuts? Have those been laid out? Do we know what they would be? And this is over 10 years. These spending cuts would be very achievable if we put our minds to it.

The ACTING PRESIDENT pro tempore. The Republican time has expired.

Mr. SESSIONS. Mr. President, I ask unanimous consent that I be allowed to have the full 10 minutes.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. SESSIONS. I thank my colleagues for their courtesy.

In fact, the President has given speeches calling for more spending. On Tuesday, he gave a speech in which he said he wants to use the tax hikes to ''invest in training, education, science, and research.''

When you are in a deep hole and you are borrowing almost 40 cents of every dollar you spend, shouldn't you constrain yourself and not start new programs? Or if you start a new, needed program, shouldn't you reduce some less valuable program to pay for it instead of just taxing to create more programs?

Not once in the speech did he discuss entitlements. That is the largest item in our government, entitlements. Not once did the President of the United States discuss with the American people the problem that Social Security, Medicare, and Medicaid are on an unsustainable path and are at great risk. Shouldn't the President honestly talk to the American people about that?

He didn't discuss our $16 trillion debt and how the Debt Commission he appointed indicates that we are on an unsustainable path, heading to a fiscal crisis. He did not discuss the economic catastrophe that could occur if we don't get off this unsustainable path.

The President should lead on these things. I don't think this is a partisan complaint. I am saying the President of the United States should be discussing with the American people the great danger of our time: the debt.

The President will go out to the press and use the buzz words that say he has a balanced plan or a responsible path to deficit reduction. But where are the spending reductions? What is the plan?

It seems to me the plan is to talk in general, to meet in secret day after day, week after week, the deadlines getting closer, the fiscal cliff getting closer. Then, under threat of panic, force through some deal that maintains the status quo: more taxes, more spending, more debt. And it will be presented to the Senate in a way that, if it is not adopted immediately, the country will be in great fiscal danger. This process needs to be taken out of the shadows. We need public debate, and then people would know the facts that are now being hidden from us, hidden from Members of Congress. We don't know what is going on. The latest article in Politico today said the deal—the so-called deal has been negotiated by the Speaker of the House and the President. Not even HARRY REID is in the meetings, apparently—certainly not the Members of the Senate or the Members of the House of Representatives.

If we had a public debate, people would discover that according to the CBO, mandatory spending is going to increase nearly 90 percent over the next 10 years. To get the country under control requires some real tough focus, but it does not mean we are going to have to cut spending dramatically, just reduce the growth of spending. Expenses on welfare are particularly interesting. Mandatory spending, that is, the entitlement programs of all kinds, is set to automatically increase 90 percent over the next decade. That is over half of our budget. We already spend $2.3 trillion on mandatory costs today in our budget—this year we will spend 2.3 trillion—but we will spend $4.12 trillion in the 10th year from now. Those are the projected growth patterns we are on. This is a huge increase, and we do not have the money.

People would also learn from public debate that welfare costs are now the single largest item in the budget, exceeding Medicare—larger than Medicare, larger than Social Security, larger than the defense budget. We spend enough on these poverty programs to send every household beneath the poverty line in America a check for $60,000, each family. That is how much we are spending. The President's plan apparently would not deal with that at all. Indeed, the Budget Control Act of 15 months ago that was passed explicitly failed to address some of the biggest items in that budget.

I do not see how we can support a plan that does not at least begin to reform these programs and improve their operation. Is this going on in the secret talks? Are they talking about it or, like the Budget Control Act, is this off-limits, not to be discussed? Will welfare reform be a part of the framework of the settlement that will be dropped on the Senate? We do not know.

Meanwhile, the President demands more taxes and refuses to do anything about waste, really. I have not seen any strong management leadership from this White House that gives me confidence that we should send more money. There are lavish conferences, duplicative programs, billions in refundable tax credits being mailed every year to illegal aliens or children not even in the United States—billions from their own department, the reports tell us. No one is managing this government effectively. Why should the American people send one more dime in taxes to Washington when we will not reform and manage the money we are already getting from them? The American people should not send more money to this dysfunctional government. They should insist that we fix what is going on here first.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. SESSIONS. Mr. President, I appreciate the opportunity to share these remarks. I ask for 1 additional minute to wrap up.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SESSIONS. I thank my colleagues.

I would say I am concerned about the nature of these secret talks, the fact that the Senate is really not participating. From the reports, it is only the Speaker and the President of the United States discussing it, and that appears to be—from what I picked up—to be true. Apparently, the majority leader is not intimately involved, the chairman of the Budget Committee is not involved, and the chairman of the Finance Committee is not involved. These are Democratic leaders in the Senate, certainly not Republican leaders in the Senate.

The Senate is a great institution. We ought to be engaged, and the engagement of the Senate allows the American people to know what is happening. They are entitled to that. I really believe we can do better. We must do better.

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. UDALL of Colorado. Mr. 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.

WIND ENERGY TAX CREDIT

Mr. UDALL of Colorado. Mr. President, I return to the floor of the Senate to urge all of us here to extend the production tax credit for wind energy. This is a crucial tax credit that supports an industry that employs literally tens of thousands of workers across our entire country. Our failure in the Congress to quickly extend this job-creating credit has already halted further development and jeopardized the future of this industry and the good-paying jobs that come with it.

The PTC, as it is known, the production tax credit, has been a major driver of wind power development because it literally leverages billions of dollars in investment, which then in turn creates thousands of jobs. But here in the Congress we have gone back and forth repeatedly between extending it and retiring it. This on-again/off-again status has contributed to a boom-bust cycle that threatens the future of this industry and our energy security in turn. It is time for us to act, act now, and extend the PTC so the wind industry and its employees can have a secure and prosperous future.

Mr. President, I look forward to talking about your State, New Mexico. You know I come to the floor every day to talk about the importance of the PTC, and I focus on an individual State when I come to the floor. Today I would like to talk about New Jersey.

New Jersey's wind industry will suffer without an extension of the PTC. Its industry is in the early stages of development, but the Garden State is already making real progress in becoming a manufacturing center for wind. While it is a manufacturing center that is building the turbines and blades, it is also taking a leading role in developing coastal wind power and then harnessing the offshore wind potential we know exists in the oceans off of New Jersey. An environmental review initiative by the Interior Department has paved the way for the sale of wind energy leases off the coast of New Jersey, Delaware, Maryland, and Virginia in the Outer Continental Shelf. Several coastal projects are under way in the Garden State, including in South Jersey off the coast of Cape May, down here in the southern part of New Jersey. New Jersey is also home to the first coastal wind farm in the United States, the Jersey Atlantic Wind Farm. There are five turbines at that wind farm. They are producing a total of 7.5 megawatts, which is enough energy to power 2,000 homes.

Like my Home State, like the home State of the Presiding Officer, New Jersey knows we need an all-of-the-above energy strategy to improve our energy security. My colleagues from New Jersey, Senator MENENDEZ and Senator LAUTENBERG, have been fighting to accelerate the transition to renewable domestic energy. Both have been champions for extending crucial tax credits such as the PTC. They know these credits help both New Jersey consumers and New Jersey businesses install and utilize energy from the wind.

The wind energy industry supports close to 500 New Jersey jobs, many of which are located at the 9 manufacturing facilities that make components for wind turbines. Those facilities are located in the green circles shown here on the map of New Jersey. The current level of wind production in New Jersey has helped the State reduce its carbon emissions by some 1,500 metric tons every year.

I want to return to the point I make every day I come to the floor to talk about the production tax credit. If we do not extend it, the manufacturing sector in New Jersey and many other States will literally wither. If we do not extend the PTC, we risk sending our energy jobs overseas. This is flatout unacceptable.

The wind production tax credit has strong support from a broad array of industry groups. Let me share some of those groups with my colleagues and with the viewers. The U.S. Chamber of Commerce has endorsed the extension, as well as the Governors' Wind Energy Coalition, the National Governors Association, and the American Farm Bureau Federation, among a number of other groups that support this extension.

Think of it this way: Wind energy is made-in-America energy that bolsters U.S. manufacturing. It creates good-paying American jobs, and it puts us on the path to energy independence. I urge my colleagues, I ask my colleagues of both parties to stand with me and stand for American manufacturing and made-in-America energy. Our wind energy industry and our energy security are depending on it. We need to extend the PTC as soon as possible. It is that simple. The PTC equals jobs. Let's pass it as soon as possible.

I yield the floor and 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.

The ACTING PRESIDENT pro tempore. The Senator from Rhode Island.

Mr. REED. Mr. 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.

NATIONAL DEFENSE AUTHORIZATION ACT

Mr. REED. Mr. President, I rise today in support of the National Defense Authorization Act for Fiscal Year 2013. I wish to commend the work of my colleagues on the committee, particularly Chairman LEVIN, who is here, and Ranking Member MCCAIN, for their incredible diligence, dedication, and commitment to the men and women of our Armed Forces.

For 50 consecutive years, the Senate has passed a Defense authorization bill, and I hope very much that we will soon be able to send the President a bill for his signature consistent with that record of faithful service to those who