middle class has benefited from it. Throughout most of the 20th century labor unions led the push for higher wages, for pensions, health care benefits, and safer working conditions. The gains won by unionized workers served to lift wages, benefits, and working conditions for nonunionized workers as well. Millions of middle-class Americans who never thought about joining a union have received very considerable benefits from the labor movement.

I always ask people: How did we get the 40-hour workweek, time-and-a-half overtime, paid vacations, worker safety? This didn't happen because management voluntarily gave it. People struggled for this. They fought for this, marched for this, and many got beat up, lost their jobs and their livelihoods fighting just for a 40-hour workweek or for time-and-a-half overtime or paid vacations. Yet it has benefited the entire middle class of America. That is why I say when the Republicans are doing an open assault on organized labor, they are assaulting the middle class of America. They are dragging down the middle class of America.

As the war on unions has succeeded in dramatically shrinking the share that is unionized, this has reduced the ability of most workers across the entire economy to negotiate increases in wages and salaries. The result is the growing imbalance—skyrocketing corporate profits at a time when personal income is stagnant or declining. The fruits of the expanding economy have accrued overwhelmingly to corporations, their executives, executive pay, and shareholders, leaving workers behind.

Despite skyrocketing profits, and despite the fact that corporations and shareholders have taken the lion's share of income from the growing GDP, corporations are still demanding lower rates of taxation and huge additional advantages regarding corporate taxes. So corporations get more and more of the GDP at the same time they say: We don't want to pay any more taxes; we want to pay less taxes. Corporations paid an average effective rate of just 7.9 percent in 2011—7.9 percent. Now, wasn't it Mr. Romney, the Republican nominee, who said corporations are people too? Well, I bet a lot of people in this country would like to pay 7.9 percent of their income in taxes. But the corporations are still not satisfied. They want even lower rates, even as the middle class and the poor are asked to make major sacrifices—major sacrifices—as we address the so-called fiscal cliff and the real deficit that we do have.

Very high income Americans get most of their income from capital gains and dividends. The tax on that type of income is now 15 percent—the lowest percentage since the 1930s. I repeat: Since the 1930s, the lowest percentage on capital gains and dividends is right now, at 15 percent. But until 2003, dividends were taxed at the same rate as regular income. Now dividends are getting the same very generous treatment as capital gains, while regular income rates are now 35 percent.

So just think about that: It wasn't until 2003 when we said, OK, capital gains, dividends, 15 percent. Before dividends were always the same rate as regular income. So who gets that? The wealthy. Average working people don't have significant dividends or capital gains.

Republicans claim that economic calamity will occur if those rates go up. But let's look at recent history. When the 1993 tax bill passed, every Republican here voted no. Many Senate Republicans predicted economic calamity if it passed. I was here. I remember those debates. You can look it up in the RECORD. However, in the 5 years after the passage of the Clinton tax bill in 1993, 14 million jobs were created. Contrasting that, in the 5 years after the 2001 tax bill passed—that lowered the regular rate to 35 percent—only 4 million jobs were created.

Now, I am not saying raising taxes creates jobs, but raising tax rates does not kill jobs either. As we address the fiscal cliff, corporations and high-income individuals can afford to pay a greater, fairer share of Federal revenue. In recent years, they have seen their incomes grow by huge sums. It would be grossly unfair to shift the burden to the middle class, which has already been deprived of its fair share of the growing economic pie in recent decades.

Mr. President, people in Washington are obsessing about what they call the fiscal cliff. Well, we do indeed face fiscal challenges in the future. But I am more concerned about the crisis of America's middle class—a middle class confronted by stagnant or declining wages, with jobs being shifted overseas and with traditional benefits, such as pensions and health insurance, being taken away.

There is no doubt the debate over collective bargaining rights will continue—in Michigan and across the country—for months, probably years to come. While there is little I can do standing in the Senate to directly help the people of Michigan today, I wanted to come to the floor to tell them a lot of us stand with them, and we will stand with them tomorrow. A great injustice is being committed in the State of Michigan—again, not just against union members but against the middle class.

I think we have to recognize what is happening in this country: an assault on union workers, on collective bargaining, and the assaults we have seen by my Republican friends on the National Labor Relations Board, the National Mediation Board—anything to take away from workers their right to bargain collectively.

When you are a minimum-wage worker or just above, and you are working at Walmart, how much power do you think you have against the Walton family or their corporate executive? What, are they the second or third richest family in the world now? Do you think you have some bargaining power? You don't have anything. But if you are unionized, and you have all of the union members with you, now you can bargain. Now you get on a more even keel with wages and capital to make sure wages and capital don't get too far out of kilter.

That is simply what has happened. Too much of our GDP in the last 30 years has gone to capital and not enough to labor. When that happens, middle-class America suffers. When middle-class America suffers, we all suffer because we know from history, from our American experiment, the American economy grows best from the middle out, not from the top down.

So, again, Mr. President, I feel sorry for those workers who were caught off guard in Michigan. I feel sorry for the middle class in Michigan—those whose rights are being undermined. But we stand steadfast in our support for the rights of working people and for the inherent—the inherent—right of people to be able to join together to form an association or a trade union and to bargain collectively for their wages, hours, and conditions of employment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

TRANSACTION ACCOUNT GUARANTEE PROGRAM

Mr. TOOMEY. Mr. President, I rise this morning to address legislation that is under consideration—the extension of what is known as the TAG Program. The acronym stands for the transaction account guarantee. I wish to discuss this a little bit and give the reasons for my opposition to the extension of this program.

First, a little bit of history about this. Many people are familiar with the FDIC Insurance Program. It is a longstanding program that provides a limited guarantee on bank deposits. Actually, for a very long period of time—I think it was over 25 years, starting in 1980—the limits on the dollar amount of a balance that would get this FDIC guarantee was $100,000. That limit was raised for all accounts to $250,000 during the financial crisis of 2008, and then subsequently this new program was created, this Transaction Account Guarantee Program, which provides an unlimited guarantee. There is no limit whatsoever for a large category of deposits—not all deposits but all non-interest-bearing transaction deposits, which is a long way of saying pretty much checking accounts, although it would include other things. As you might imagine, there are many large corporations, municipalities, and very wealthy individuals who have these large accounts, and today those accounts are guaranteed without limit. The proposal we have is to extend this guarantee which is set to expire on December 31, to extend it for 2 more years.

Let me be clear about one thing right off the bat. This is a taxpayer-provided guarantee. The taxpayers are on the hook for these deposits. If anybody has any doubt about that, I refer them to the FDIC's Web page. The home page of the FDIC's Web site states very clearly that ''FDIC insurance is backed by the full faith and credit of the U.S. Government.'' That means the taxpayers, so American taxpayers are on the hook for the full amount of these transaction guarantees.

Let me explain why I think this is problematic. The first reason is a simple one. We are not in a financial crisis anymore. We have a miserable economy, but we certainly do not have a free-fall fiscal disaster, with financial institutions collapsing. We do not have the fall of 2008 anymore. There is actually quite a lot of stability in financial institutions. You could have a very interesting debate about whether this was ever a good idea, but I do not understand how you can justify it now in an environment that does not even faintly resemble the crisis circumstances of 2008. If we are going to extend it now for 2 more years when there is clearly no need for it, it certainly seems to me to suggest an interest in making this a permanent feature of the American banking system—permanent, unlimited guarantee, the socialization of deposits in this country, which I think is a terrible idea.

Second, this is a big contingent liability for taxpayers. There is about $1.5 trillion in deposits right now that fall into this category and is being guaranteed and would continue to be guaranteed if the guarantee were extended.

It is also worth noting that this mostly benefits the big banks. It is big banks, not surprisingly, that have a disproportionate share of big accounts. In fact, the 19 largest banks hold two-thirds of all the deposits and accounts that are guaranteed under the TAG Program, so this is a nice big help to a lot of big banks.

I would argue that there is something maybe even worse than all of this about this. I believe the very existence of the TAG Program actually increases the risk of bank failures, and here is the reason why. In the absence of these unlimited guarantees, a corporation or a municipality or a wealthy individual or an institution making a large deposit—an amount that exceeds the limited FDIC's traditional guarantee—such an institution is going to do its due diligence on the strength of the bank. It is going to want to understand that this bank is properly run, that it is prudently managed, and that due diligence is a discipline the market imposes on the banking system. The banks have to prove to potential depositors that they are well run, that they are sensible and prudent and are not taking too much risk in order for the depositors to be confident they will ever be able to get their money back. So that is a very important mechanism that imposes a discipline that helps to keep banks doing what is prudent.

With this unlimited transaction guarantee, nobody has to worry about whether the bank is well run because the government, the taxpayer is there to return all their money if the bank messes up. That removes that very important discipline and in the process I think actually increases the risk that more financial institutions, more banks would in time fail because they are not held to a higher standard by their depositors and that therefore the taxpayers would be picking up an even larger tab than what some might project.

I argue that the premiums systematically underfund this program. There are premiums that are charged to the banks in return, but banks would be adamantly insisting that they have the option to opt out if they were not being subsidized. The fact is, it is being subsidized. So the taxpayers are not getting, in my view, an adequate premium for the risk they are taking—not that they should be in the business of taking that risk in the first place.

The last point I would make about the banks is that I don't think this is good for the banks themselves because this is the kind of government program that inevitably leads to a lot of people in this town thinking they have the right to force the banks to do whatever they want them to do, including giving away goods, and it is justified on the grounds that it is reasonable for us to ask of these banks since, after all, we the taxpayer, we the government provide them with this guarantee. So I think this is not in the interest of the banks themselves.

I am sympathetic with the argument that some of my friends in the community banking world have made, the argument that with Dodd-Frank, when we codified too-big-to-fail, we created a whole category of large financial institutions and we designated them—we use a different acronym—we call them systemically important financial institutions. Most people see that as another way of saying too big to fail. Having codified that, our community bankers argue that that gives these banks an unfair competitive advantage in attracting depositors.

I am sympathetic to that argument, but I would argue, first of all, that it is seldom a good idea to counter one bad government policy with another one. Compounding errors usually takes you in the wrong direction.

Second, what we need to do is reform Dodd-Frank. We need to do a lot in reforming Dodd-Frank, in my view. That is the right way to deal with this perception of a competitive advantage. We ought to be providing a lot of regulatory relief for community banks, and I say that as someone who has been actively involved in the community banking industry personally.

I also suggest that there are other ways community banks can, in fact, successfully compete against the large banks, other than with this guarantee of deposits.

My last point is that last year we ran a deficit of $1.1 trillion. This coming year, unfortunately, it looks as though we are likely to do something like that again. This bill violates the Budget Control Act, the cap, the limit we put on spending. It exceeds that, and it creates a new amount of spending above and beyond what was contemplated. I think that is a huge problem in and of itself. So I oppose this legislation on the substance of it, but in particular I am objecting to the fact that it does exceed this budgetary authority.

Mr. President, at the appropriate time, I intend to raise a budget point of order. If that is now, I will do it now.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

TRANSACTION ACCOUNT GUARANTEE EXTENSION ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 3637, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 3637) to temporarily extend the transaction account guarantee program, and for other purposes.

Pending:

Reid amendment No. 3314, to change the enactment date.

Reid amendment No. 3315 (to amendment No. 3314), of a perfecting nature.

Reid motion to commit the bill to the Committee on Banking, Housing, and Urban Affairs, with instructions, Reid amendment No. 3316, to change the enactment date.

Reid amendment No. 3317 (to (the instructions) amendment No. 3316), of a perfecting nature.

Reid amendment No. 3318 (to amendment No. 3317), of a perfecting nature.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. TOOMEY. Mr. President, the pending measure, S. 3637, the Transaction Account Guarantee Act, exceeds the Banking Committee's section 302(a) allocation of new budget authority and outlays deemed by the Budget Control Act of 2011; therefore, I raise a point of order against this measure pursuant to section 302(f) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The senior Senator from South Dakota is recognized.

Mr. JOHNSON of South Dakota. Mr. President, pursuant to section 904 of