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Senate

(Legislative day of Sunday, December 30, 2012)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (PATRICK J. LEAHY).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Almighty God, we praise Your Name. You are high over all the nations and Your glory is greater than the Heaven. Let Your spirit move our lawmakers to do Your will. Teach them valuable lessons from Your hardships and adversities, as they work to be worthy of the sacrifices of those who have already given so much for freedom. Lift them from the darkness of hopelessness so that they may take steps toward Your light. May Your presence and grace bring comfort as You inspire them to choose what is right and just. May they take the tide that leads to fortune rather than risk a national voyage bound in shackles and in miseries.

We pray in your powerful Name.
Amen.

PLEDGE OF ALLEGIANCE

The Honorable PATRICK J. LEAHY led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. REID. Mr. President, following leader remarks, we will be in a period of morning business with Senators permitted to speak up to 10 minutes each.

THE FISCAL CLIFF

Mr. REID. Mr. President, discussions continue on a plan to protect middle-class families from a tax increase tomorrow. There are a number of issues on which the two sides are still apart, but negotiations are continuing as I speak.

We are running out of time. Americans are still threatened with the tax hike in just a few hours. I hope we can keep in mind—and I know we will—that our single most important goal is to protect the middle-class families. Whether or not we reach an agreement in the short time we have left, we will need cooperation on both sides to prevent taxes from going up tomorrow for every family in America.

I repeat, there are still some issues we need to resolve before we can bring legislation to the floor.

I yield the floor.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business until 12 noon for debate only, with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Iowa.

Mr. HARKIN. Mr. President, I understand we are in a period of morning business.

The PRESIDENT pro tempore. The Senator is correct.

THE FISCAL CLIFF

Mr. HARKIN. Mr. President, I was disturbed to read in the Washington

Post this morning that some agreements were being made, that Democrats have agreed to raise the level from \$250,000 to \$450,000 and we would keep the estate taxes at the \$5 million level at 35 percent.

All I can say is this is one Democrat who does not agree with that at all. What it looks like is all the taxes are going to be made permanent, but those items that the middle-class in America truly depend on are extended for 1 year—maybe 2 years at the most. I think that is grossly unfair.

We are going to lock in forever the idea that \$450,000 a year is middle class in America? Need I remind people that those making \$250,000 are the top 2 percent income earners in America? I know the President keeps saying he wants to protect tax cuts for the middle class, which is fine. I am all for that. If we go up to \$250,000, that is a pill we can swallow because that covers everyone except the top 2 percent. Those who make \$250,000 a year are not middle class. They are the top 2 percent of income earners in America.

What have we forgotten? Have we forgotten that the average income earners in America are making \$25,000, \$30,000, \$40,000, \$50,000, \$60,000 a year? That is the real middle class in America, and they are the ones who are getting hammered right now. They are getting hammered with housing and rental costs, heating bills, kids going to school, and they have no retirement. Now there is talk about raising the retirement age on people who work hard every day. There are women who have been standing on their feet every day for 30 or 40 years. Are they going to raise the retirement age on them again?

If we are going to have some kind of deal, the deal must be one that truly does favor the real middle class. Those who are making \$30,000, \$40,000, \$50,000, \$60,000, \$70,000 a year are the real middle

• This “bullet” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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class in America. Quite frankly, as I see this develop—and as I have said before—no deal is better than a bad deal and this looks like a very bad deal the way this is shaping up. I wish to make it clear I am all in favor of compromise. I have been here a long time, and I have made a lot of compromises. I am willing to make more compromises, but this is one point in time where decisions which are made on this so-called deal will potentially lock in what kind of country and society we are going to be for the next 10 years. So we better be darned careful.

If no deal is reached, then on the tax side we go back to the taxes that were enacted under President Clinton. All the Democrats who were here then voted for the Clinton tax bill in 1993. We heard all kinds of talk from the other side of the aisle of how this was going to be disastrous, kill the economy, and it was going to be awful. Not one Republican supported it, but we passed it. President Clinton signed it into law, and guess what happened. The economy took off. Unemployment came down, the economy started going, and we were paying down the deficit. We had 3 or 4 straight years of surpluses. CBO said if we continued down that path, we would pay off the national debt by 2010.

Then George Bush came into office. They looked at all the surpluses out there and said: Guess what. We have to take some of that and give it back in tax cuts, and that is what they did. That is what will end tonight. Those Bush tax cuts will end, and we will go back to the tax system we had under Bill Clinton. What is so bad about that? It worked pretty darned well. The economy was going well, and we were paying down the deficit. Things were going well under Bill Clinton and that tax system and that is what we will go back to tomorrow. What is so bad about that?

What has happened in the last 10 years is a lot of people have gotten very rich in this country and now they want to protect their wealth. That is what they want to do. They want to lock in this system on estate taxes and lower tax rates up to \$450,000, \$500,000, \$1 million or whatever they want and they want to lock that in. I think it is time for them to start paying their fair share, as they did under the Clinton tax provisions we had in place at that time.

To go back to the tax provisions we had under Bill Clinton does not frighten me one bit, but now we hear the same song and dance from the Republicans: Oh, if we do that, the sky is going to fall, the world will end tomorrow, and the markets will go all to heck. We heard that in 1993, and they were wrong. We are hearing it again today about what will happen if we go back to the Clinton-era tax provisions. They say the sky is going to fall, and they are wrong again. They are just wrong again.

I, for one, do not fear going back to a system of taxation that basically

worked very well for our country. It was the Bush tax cuts that messed everything up for 10 years and allowed a few people to get very rich but kept the middle class from advancing at all.

Again, this idea that somehow a deal is going to be cooked up and all these tax advantages people had over the last 10 years and have now in estate taxes will be permanent does not sit well with this Senator. Yet when we are talking about unemployment insurance, investments in other parts of our economy, the sustainable growth rate for our hospitals, doctors, and Medicare, that is only good for 1 or 2 years. But the tax side that lets those most privileged in our society continue to not pay the share that I think they should be paying is not a good deal. That is not fair, that is not equitable, and that is not just.

I hope those who are negotiating continue to negotiate. If there is a deal that could be made which truly does focus on the middle class and gets our estate taxes back where they were before—at some reasonable level and not at the level they are right now—then maybe we could live with something such as that. But from what I read this morning, the direction they are headed is absolutely the wrong direction for our country.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. 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.

Mrs. BOXER. Mr. President, we are all here and hopeful there will be a deal so we can avert going over the fiscal cliff. I listened carefully to the remarks of my friend Senator HARKIN, which I would have to describe as fairly negative. I wish to project a bit more of a positive view.

We all know that no side, if there is a deal, is going to get 100 percent of what they want. We know that because one party doesn't control everything, so we are going to have to meet somewhere in the middle of where both parties stand. We also know if we don't act, 100 percent of the American people are going to start feeling an impact of higher taxes.

I honestly do not worry about the millionaires and the billionaires at all. I don't worry about the people who are fine, who don't even know or care that much about a tax hike that takes them back to the Clinton years when they did very well. I don't worry about those folks. I worry about the folks in the middle. There are always arguments about what that line is. Some say the middle class is at \$75,000, some say \$150,000, and some go even higher because their States, as is my State, are very high cost-of-living States. So we

know if we are going to get a deal, we are going to have to meet somewhere in the middle. To me, if we fail, it will be a very sad moment in history.

I hear a lot of talk about the sequester. I don't know exactly how the President pro tempore voted, but I voted for a sequester if we couldn't find savings as part of a debt limit deal. I am not about to stand here and say we should throw it out. I don't like it; it will bite. But if we said we are going to make savings, and if we couldn't do it one way we would do it through the sequester, then I think we have to step to the plate and admit that is the policy we voted for.

I would much prefer to ease it, and I think there are ways to do that. One way is to bring the money home from the overseas spending account and use that money because we are getting out of Afghanistan, thank God, and the war in Iraq is over. So we could bring home that overseas war account money and use that to soften the sequester or even to stop it completely. My understanding is my Republican colleagues don't view that as real, but the Congressional Budget Office says it is real. So that is a way we can stop the sequester.

Other than that, I think we have to own up to the fact that in the debt ceiling made-up crisis—this is a made-up crisis and that was a made-up crisis—we said if there were not cuts coming forward, we could go to an automatic spending cut regime. We can't run away from things we did, it seems to me.

So I think there are the elements of putting something together. I know the Vice President is working hard with Senator MCCONNELL and Senator REID as an honest broker to bring us together. I know Senator HARKIN is not very optimistic at this point based on what he is hearing. I believe, from what I am hearing, there may be something, maybe—there may not be; we don't know, we haven't seen it. It may be something that extends unemployment benefits, which is very important. It is critical. If we want to talk about the real cliff, it is for the people who are about to lose their unemployment compensation.

The economists tell us that is the best bang for the buck. When we give someone who is unemployed a dollar, he goes out, she goes out, they spend in the community, and it has a multiplier effect that actually spurs economic growth in the community because 70 percent of our economy is based on consumers. If they have nothing, then the communities have nothing, the local businesses have nothing, let alone they would suffer and some, perhaps, lose their houses and such. So we need to do that. That is critical.

If that is not in the deal, that deal is a real problem. So if that is in there, and we do the tax extenders even for a shorter period of time, and we stop raising taxes on 98 percent, 97 percent of the people, I don't think we should

prejudice that at this point. The devil is always in the details. Something could come out that is just a nonstarter.

Senator REID went down to that microphone yesterday and said to the Republicans: We are not cutting Social Security benefits; that is not part of this package; Don't even put it on the table; stop. After the Republicans had their luncheon meeting, they came out and actually took it off the table. That was positive. Don't try to slip things in here that could hurt the people, that will balance the budget on the backs of those who can't do it. Don't bring up Social Security when we are doing a very short term deal to get us over this cliff.

So none of us, except for a couple of people, really know what is in this deal. We are hearing leaks about it, we are hearing rumors about it, but we don't know if we will have the deal. Personally, I hope we have something we can look at and decide whether it is something we can support and not prejudice it at this stage because we have to remember something: This is a compromise. We don't have a parliamentary system of government. One party doesn't run the show. It is shared responsibility. It is frustrating, and it is difficult.

I was able to bring a highway bill to the floor as the chairman of the Environmental and Public Works Committee, doing it with Senator INHOFE, and a person couldn't find two people more philosophically apart than we are. I have seen the President pro tempore do the same in his committee, working with the other side, and he brought out of his committee an incredible bill called the Violence Against Women Act. He did it with the Republicans.

I watched Senator STABENOW and PAT ROBERTS come forward with a farm bill. I have watched Senator FEINSTEIN in intelligence, and I have watched Senator LEVIN and Senator MCCAIN. We can make it happen. It can happen. We have to make it happen.

I will close with this: I served in the House for 10 years. I served with incredible Members. One of them was Tip O'Neill, and he was the Speaker. Tip O'Neill had a certain magic about him. The magic was he understood how to get things done because he didn't consider himself Speaker of the Democrats; he considered himself Speaker of the House. He knew the magic number was 218. That was the number. He would come over to me and every Member when there was a tough vote, and he would say: Well, BARBARA, can you be with me on this one?

I would say: Gee, Mr. Speaker, I don't think so. It is not good for my district. I really don't think I can.

He would say to me: Well, you know what. If that is how you feel about it, I understand. If I need you, I will come back to you.

Then he would go do the same thing and pick up some Republicans on the other side, and he would get the magic 218 and it would be done.

Right now we have Speaker BOEHNER, whom I know and like personally, but it seems as though he doesn't want to talk to the Democrats. Nothing is going to get done for our country if we don't talk to each other. We don't have a parliamentary system. We have to work together.

So I wanted to add at least a cautiously optimistic note. I am hopeful we will get something done, and I think if we do, and if it is fair—fair enough—we should get our country off this cliff.

Thank you very much. I yield the floor.

The PRESIDING OFFICER (Mr. BINGAMAN). The Senator from Vermont.

Mr. LEAHY. Mr. President, I guess one of the advantages of being President pro tempore is I actually get to preside more than I had for a while and hear some of the speeches of my colleagues, which I appreciate. The Senate is a place I love, as I know the distinguished Presiding Officer does. It is, as I have often said, a place that should be considered the conscience of the Nation. There are only 100 of us representing over 300 million Americans. We should be able to stand and be their conscience.

I worry, though—as I hear the debate on this so-called fiscal cliff and I hear some on the other side say, well, we are not prepared to vote or we don't want to vote—because that means they want to vote maybe. None of us were elected on a promise to vote maybe.

If the other side wants to vote and give huge tax cuts to longtime millionaires, fine, then vote. Vote yes for that if they want. But don't say: We will not have any vote one way or the other; we will vote maybe.

We are supposed to be willing to take the consequences of how we vote. Vote yes or vote no. If a Member wants to vote for keeping taxes lower for the middle class, for those who have hourly wages, for those who work hard in our economy, then stand and vote yes, we want to give them a tax break. If a Member doesn't want to give them a tax break, then vote no. But what is happening, by refusing to vote at all, whether it is the Republicans in the House of Representatives or in the Senate, what they are doing with their "maybe" vote is they are going to dramatically increase taxes on the middle class. Then, in an effort to justify that, they say: We wanted to vote maybe because we wanted in the end run to protect millionaires.

Well, millionaires do all right. I know a lot of millionaires. They have told me, as the Senator from Iowa said earlier this morning, they could afford the taxes they paid during the Clinton era because during that era, they made more money than they had ever made. So they paid some of the higher taxes. So what. The amount of money they had at the end of the year was greater than it ever had been.

But we know what happened during that Clinton era. We balanced the

budget—incidentally, not a single Republican voted for the plan. In fact, they gave speeches on the floor that the plan would bring about recession, even a depression. Instead, the economy grew faster than it ever had before. People had more money in their pockets than they ever had before. We balanced the budget, and we started paying down the national debt.

When the next administration came in, they gave everybody, including millionaires, a big tax cut. But worse than that, they began a war in Iraq that never should have begun, against Iraq, which had nothing to do with 9/11, even though we had the Vice President of the United States suggesting in his speeches it was connected with 9/11, claiming there were weapons of mass destruction, even though those who actually read the intelligence—as the former vice chairman of the Intelligence Committee, Senator GRAHAM of Florida, did, and I did—realized there were no weapons of mass destruction. But they voted for this war.

One of the bad mistakes they made—other than the tragic mistake of going to a war we had no reason to go to; one that cost us thousands of American lives and countless thousands of other lives and \$1 trillion—they did something we had never done before in the history of this country, they said: We will go to that war on a credit card. We will just borrow the money.

Vietnam was an unpopular war, but we had a surtax to pay for it. Korea was an unpopular war. We paid for it. World War II—we knew it was the survival of our Nation, and we paid for it. In Iraq, we have spent \$1 trillion and we will be spending for longer than any of us in this body will probably live, as we pay for the damage to so many of our brave men and women, and we borrowed the money. We took the surpluses built up over the Clinton era and wasted them.

We are doing the same thing in Afghanistan. This is a country where our reason for going in there was to get Osama bin Laden. When the decision was made to go into Iraq, it allowed Osama bin Laden to escape. We go into a nation-building war, which seems to have no end, again, on a credit card. Osama bin Laden has been dead now for some time. We ought to—use a phrase of a former Senator from Vermont—we ought to declare victory and get out. But, again, we are doing it on a credit card.

So what do we say? We have two wars we should not be in, and we say: But we have to pay for it. We ought to take some money away from senior citizens. We ought to take money away from education. We ought to take money away from medical research. We ought to take money away from rebuilding what needs to be done in our country to pay for two wars we put on our credit card.

Come on. As one Vermonter said to me: You spend all this money to build these roads and bridges in Iraq and Afghanistan and then they blow them up.

Why don't you rebuild our roads and bridges in America? We Americans will take care of them.

So with all the talk of where we are, let's not forget the big elephant in the room; that is, two wars on a credit card—one going far longer than it had any reason to, the other one totally unnecessary in the first place—as much as a couple trillion dollars between the two of them. That was money that could have been spent in America for Americans to make America better. We have wasted it there. Now we say: How can we punish Americans—the average American. How can we punish them for the mistakes we made in going into two wars. We will punish them to pay for it.

Come on. Let's face up to reality.

I suspect I may have more to say on this in the future.

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

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

Mr. THUNE. Mr. President, we are at the last hour, if you will, the last day for sure, in dealing with what has become probably the biggest fiscal crisis our country has dealt with in some time. I have heard a number of my colleagues from the other side come down and talk about the importance of getting a solution. We all want to get a solution. We do not want to have a situation tomorrow where tax rates go up on everybody across this country who has an income tax liability. We obviously do not want to see our defense have to deal with what would be deep cuts in our national security budget. Those are two things that will happen tomorrow unless Congress can act to prevent that.

So count me among those who want to see a solution. I certainly hope the negotiations that are occurring right now can conclude in a way that will give us an outcome that prevents those tax rates from increasing on Americans across this country and also put in place some things that would actually deal with the real problem. The real problem is our country spends too much.

We are where we are because we have not done our work when we should have previously. Think about the fact that for 3 consecutive years—3 years in a row—in the Senate, we have not passed a budget. We spend \$3.5 trillion of American taxpayer money every single year, and for 3 consecutive years we have not had a budget. The majority leader and the chairman of the Budget Committee and others on the other side have said: We passed a budget control act in August of 2011 and that sort of serves as our budget.

Frankly, that is not the case. The law requires us to pass a budget. We

have a budget act, enacted back in the 1970s, that requires the Congress, on an annual basis, to lay out a plan for how we are going to spend the American taxpayers' money. The reason we ended up with a budget control act back in August of 2011 is because we failed to pass a budget earlier in the year.

For 3 consecutive years in the Senate we have not passed a budget. That is not to say our colleagues on the other side of the Capitol—the House of Representatives—have not acted responsibly. You may disagree with how they did it, but at least they did it. They passed a budget. The Senate, of course, has not for now 3 consecutive years.

So we went through this entire year. Everybody knew this was coming. This is not a surprise. This is the most forecast and foretold disaster we have ever seen. As we approached December 31 and the deadline we are dealing with today, we knew that starting January 1 taxes were going to go up on all Americans, at least all Americans who have an income tax liability, and we knew these cuts that were put in place in the Budget Control Act in August of 2011 were going to occur.

There should not be any element of surprise. We have known about this for a long time. Yet for month after month after month after month this year, nothing was done about it. I say nothing in the Senate; again, the House of Representatives, early this year—last summer—passed legislation that would extend the tax rates for everybody for 1 year. They passed legislation that would replace the across-the-board cuts that will start to take effect on January 2 with responsible spending reductions that actually do something to bend the curve of all these runaway programs, entitlement costs that are going to bankrupt this country in future years. They made some necessary reforms. Again, people may not agree with them. Obviously, there should be a process where in the Senate we have an opportunity to vote on a budget and make amendments. Perhaps we would do it a different way. I might have voted for something entirely different. But the point is, I did not have anything to vote for. Nobody over here did.

We have been here for a whole year, and now we have people coming up and saying: Gee, I hope, I truly wish these negotiations will get us to an outcome. It is December 31. January 1 is tomorrow. It will be 2013. Taxes will go up. Everybody agrees it will be a disaster for the economy. We cannot allow that to happen. It will ruin the economy.

Where were we? Where were we for the past month and the month before that and the month before that, dealing with what we knew was going to be this very set of circumstances we face today?

I find it very hard to sit and listen to people come up now and wring their hands and talk about: Gee whiz, I hope we can get something done in the last day—as we put two people together basically to resolve this.

There was a discussion—in fact, everybody says: Well, you know, the people who are getting together—it was the President and the Speaker at one time; it was Senator MCCONNELL and Senator REID at one time; now it is Senator MCCONNELL and Vice President BIDEN—but up until Friday, Senator MCCONNELL, the Republican leader, had not been consulted, had not been advised, had not been involved in any of this. So he gets the call at the last minute to try and come in and sort of rescue this, starts a negotiation that goes over the weekend, and then Saturday night makes a proposal to the Senate Democrats, and was told: We will react to your proposal by 10 o'clock Sunday morning. Ten o'clock Sunday morning passes, 11 o'clock, noon, 1 o'clock, 2 o'clock. He comes to the floor and says: We have not heard back. Then the majority leader comes up and says: Look, we do not have a counteroffer. We do not have a proposal.

So Senator MCCONNELL then gets on the phone with Vice President BIDEN, and that is now where those discussions are occurring. They are occurring between Vice President BIDEN and Senator MCCONNELL.

But my point is this: There are two people in a room deciding incredibly consequential issues for this country, while 99 other Senators and 435 Members of the House of Representatives—elected by their constituencies to come to Washington and to represent them—are on the sidelines.

Why didn't we have a bill on the floor of the Senate we could actually debate? Why didn't we put something out here under regular order, open it, allow Senators to offer amendments, allow them to have amendments voted on? I might not have liked that outcome. Maybe I would not have. Maybe I could not have voted for the final product. But at least we would have had an opportunity to debate this, instead of waiting now until the eleventh hour, where two people are gathered in a private room, trying to negotiate something that has enormous consequences for this country and for our economy.

We are where we are because this process was grossly mismanaged up until this point. So now we are faced with a crisis. There is great drama. If we listen to all the TV stations—at least those that cover what is going on here—they are all talking about the fiscal cliff. Instead of a countdown to the new year, we have a countdown to when we hit the fiscal cliff.

What does that say? It is the most predictable financial crisis we have ever known about. We have known about it for months. We have known about it since the temporary tax provisions were put in place 2 years ago. Yet here we are in the eleventh hour on the final day trying to negotiate with two people in a room making decisions that will have a profound impact on the future of this country.

I have to say that as I think about those negotiations that are going on,

most of what is being talked about is who will pay more in taxes. It is not a question of if, it is who is going to pay more in taxes. The ironic thing about it is that in those discussions—at least to my knowledge of them—there is very little being discussed, if anything, that deals with how this country is going to figure out a way to spend less, which is the problem.

OK, I mean, let's face it, Washington, DC, does not have a taxing problem, we have a spending problem. Now, Republicans have said and we are willing to consider, contemplate this idea of having more revenues in the equation. Granted, the President won an election and there is a majority of Democrats here in the Senate. That is their view. Obviously, we have a Republican House of Representatives that has a different point of view about how to solve this and is trying to do it by extending the rates for everybody so that nobody has their rates go up in the middle of a weak economy. There is a big difference of opinion about how to resolve this.

But I would argue to my colleagues on both sides that if what comes out of these discussions is something that raises additional revenue, that raises taxes on people in this country, it will not do anything to solve the problem. In fact, if you give the President of the United States everything he wants in terms of tax increases, you will raise enough revenue next year to fund the Federal Government for less than a single week. So what do we do for the other 358 days of the year? A single week—that is what all of these tax increases would amount to in terms of additional revenue.

This is not a revenue problem. This is a spending problem that can only be solved by having the political courage to confront the challenges that face this country, not just in the near term but in the long term, and get us on a sustainable fiscal path. That means we have to confront runaway spending and programs that, if not reformed, are going to bankrupt this country and saddle our children and grandchildren with an unbelievable burden of debt and a lower standard, a lower quality of life than anything we or any previous generation—well, not any previous generation but certainly our generation has experienced.

That is where we are today. We are talking about how much taxes are going to go up. And those taxes are going to hit people who create jobs. If you use the \$250,000 level, there are about 1 million small businesses that will be impacted by these tax increases, and they employ 25 percent of the American workforce. So we have a lot of middle-class Americans whose jobs depend on the very small businesses that are going to see their taxes go up. This will impact middle-income, middle-class families in this country if taxes go up on small businesses.

If that level is raised to \$400,000, it will affect fewer, obviously. If it is

raised to 500,000, it will affect even fewer small businesses. But the point simply is this: You are hitting literally hundreds of thousands of small businesses that create millions of jobs for middle-class Americans with new taxes they will be paying, and that can't do anything but hurt the very economy we all say we want to get back on its feet.

So we are talking about tax increases at a time we ought to be talking about spending. Why do I say that? Well, if we go back to 2007, before the recession, the revenues coming into the Federal Government were about \$2½ trillion give or take, round numbers, about \$2½ trillion. Well, this year revenues coming into the Federal Government are going to be back to about \$2½ trillion.

We went through a terrible recession. People call it the great recession. It had a profound impact on the economy—obviously a lot less economic growth, and a recession leads to lower government revenues. So we had a period where government revenues dropped. Well, government revenues are now back to where they were in 2007.

Spending in 2007 was about \$2.7 trillion. Today it is more than \$3½ trillion. So spending has increased by almost \$1 trillion—almost \$1 trillion in the last 5 years, at a time when the revenues have stayed relatively flat. But the point simply is this: The reason we are running a trillion-dollar deficit this year and the year after that and the year after that is because the spending of the Federal Government has exploded in the last 5 years. So this is not a revenue problem. The revenues are essentially the same as they were 5 years ago.

Arguably, people would say that if we have a growing economy, we ought to get more revenue. And we would if we had a growing economy. The goal ought to be to get the economy growing again in a more robust fashion so that we are generating additional revenues coming into the Federal Government that would make these problems, the dimensions of those problems look smaller by comparison. That is why policies that hurt the economy, that slow economic growth—and everybody concludes that raising taxes in the middle of a weak economy is a bad idea if you are interested in generating more economic growth and creating jobs. That, to me, seems to be just intuitive. I think everybody would agree with that, but certainly it is a well-known, documented fact among economists that if you raise taxes, you are going to have lower economic growth, you are going to reduce the rate at which the economy grows and expands and therefore allows for job creation in this country.

The best thing we can go to is to get the economy growing and expanding again, and then all of these problems look much smaller by comparison. That means having policies in place

that allow small businesses to do what they do best, and that is to create jobs, that provide incentives to invest and to hire people. When you operate in a period of economic uncertainty like we have today with these uncertain tax rates, where you have tax rates that are going to go up, regulatory burdens that continue to go up, you constantly make it more expensive and more difficult for small businesses to create jobs. Creating jobs and growing the economy ought to be our goal. That is so counterintuitive, to think that raising taxes would somehow accomplish that goal.

So as we sit here on the last day before these tax rates go up, as we try to scramble now at the last minute to find a resolution, I would simply say and urge my colleagues that we not let this happen again, that we not be here next year or the year after waiting while two people sit in a room and try to cut a deal that most of us have not been privy to or consulted about.

The American people obviously are the ones who are ultimately impacted by that, but they have not had an opportunity to have a role in this, to observe what their elected leaders are doing to solve the big problems that face this country. We ought to be functioning the way the Senate used to function; that is, put bills on the floor, allow amendments to be offered and voted on, and then whatever that outcome is, ultimately the House of Representatives will pass their version of it, perhaps we will have a conference committee, and hopefully we can get something we can put on the President's desk. That is the way it used to work.

But now we are sitting here because we have twiddled our thumbs for month after month after month in the Senate and not passed a budget, not dealt with this issue in any substantial or meaningful way, and now we are sitting here on New Year's Eve—on New Year's Eve. The countdown on the television is not how many hours and minutes are left until we hit the new year, the countdown on the television is the number of hours and minutes that are left until the country goes over the fiscal cliff.

Think about what that says about this process, about the Senate—100 people elected to make big decisions to advance the interests of and put this country on a better path to a better future that is more secure, more safe, and more prosperous for our children and grandchildren. That is what should happen, but it should have happened months ago.

So I hope we get a result here today that addresses some of these issues—certainly, hopefully, something that will address the tax issue. But that does not solve the problem. If the President gets everything he wants in new taxes, it will fund the government for less than a week. This is not a revenue problem. Washington does not tax people too little, it spends too much. Until we recognize that and deal with

what is driving Federal spending, we are going to continue to saddle future generations with more debt, with more liabilities, and with a lower standard of living and lower quality of life than we have experienced. That is not fair to them.

It is time for us to demonstrate the political courage that is necessary to take on the big issues and to have the votes. Let's have a budget. Let's put it on the floor. Let's vote on it. Let's do something around here that matters, that is meaningful to the future of this country, rather than wait until the last day and the last hour and allow two people to sit in a room and decide the fate and the future of this great country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. PAUL. Mr. President, some of you may have heard that there is something called the fiscal cliff approaching and that we must do something about it or we will go over that cliff. But if you want to fix and do something about going over a cliff, you have to know what is the fiscal cliff. Well, the fiscal cliff, apparently, is taxes going up. So it must be a bad thing if your taxes go up.

People have said: Well, it is kind of like having people drowning. And people are drowning. What does that mean? That is a bad thing. Taxes going up is a bad thing. So what are they telling us? Let's save 98 out of 100 of them. Well, that sounds pretty good. I am for saving as many as we can. But that sort of implies that our policy is that drowning is a good thing; that we are going to let 2 percent drown; that raising taxes is bad if it happens to everyone—it is a cliff—but it is OK if it only happens to one or two people, and maybe you do not know them, and maybe they are rich people and we don't care.

Does anybody work for rich people? Does anybody know somebody who works at a car lot selling expensive cars but that person only makes \$40,000 a year but he sells cars that are purchased by rich people? Does anybody remember the yacht tax? We were going to go get those rich people—had a special tax on yachts. Guess who lost their jobs. The working guy making \$50,000 and \$60,000 a year, because the rich people went to the Bahamas to buy their yachts. This is not about getting rich people. This is about what it will do to the economy, what it is going to do to the average middle-class person who works for a rich person.

But you have to understand what the fiscal cliff is. You have to understand that the President is telling you that it is a cliff and it is bad, and everybody on television thinks it is terrible to go over the cliff. What is the cliff? Taxes going up. But if it is bad for taxes to go up for a bunch of people, why it is good for taxes to go up on a small portion of people?

You say: Well they are rich. They can afford it.

Here is the problem. The rich pay most of the taxes in our country. The top 2 percent pay half of the taxes. What you are saying is that they are rich and they can afford it. But that is half of the Nation's income that will have increased taxes. You will take money from the productive sector, which is the private sector, and you will put it into the nonproductive sector, which is Washington.

So if you want ditches to be dug and then to be filled again, send more money to Washington. But if you want jobs to be created, if you want the economy to thrive, you should want to leave that money in your community. It should not matter to you whose money it is or who has it, you want that money—in my case, we want that money in Kentucky. We do not want to send it to Washington because there is no objective evidence that the money is well spent up here. There is no objective evidence that we are good with money up here. We should not send more money up here. We should leave more money in the private sector.

Now, Milton Friedman recognized this when he said: Nobody spends someone else's money as wisely as you spend your own. That in a nutshell, that in one sentence explains to you why the private sector is more efficient than the public sector. The public sector—it is not our money. So those of us up here who will spend it—that is why they spend \$1 trillion more than they have each year. That is why they break their own budgetary rules. That is why there is no budget. That is why we live in an era of runaway spending. That is why your government is insolvent, your government is bankrupt.

Guess what. When you raise taxes on 2 percent of the people, there is a chance you will not get any more tax revenue because when you raise tax rates, you sometimes get less revenue. And the converse is true—sometimes you lower rates and you actually get more revenue. In the 1920s we lowered tax rates, and we got more revenue. Guess what. The rich paid a higher percentage of the revenue when we lowered rates.

We did it again in the 1960s under Kennedy. We did it again under Reagan. We grew at 7 percent one year under Reagan because we lowered rates and we unleashed an economic boom. That is what we want.

Do we want a government that is just envious, jealous, and wants to punish people or do we want a government that has sane and rational policies that will allow the economy to grow? That is what happened in the 1980s. We had 7 percent growth one year. We had millions of jobs created.

Mark my words. You will raise tax rates, and you will feel good because you went after and got those rich people because you said you were. You campaigned against rich people, you have enough envy whipped up in the country, you are going to get them, and you are going to stick it to those

rich people. But guess what. You may not get any more revenue, you may not get any more economic growth, but you can say: I stuck it to the rich people.

That is what we are talking about. Some of you may say, well, we are going to do this, but maybe we will do something about spending at the same time. The one thing they are taking off the table is spending restraint. There will be no spending restraint. In fact, whatever deal comes out of here will increase spending. That is part of the deal. We are going to raise taxes, and we are going to raise spending. Tell me what is good about that.

There is a cliff approaching. It is not the cliff we hear about on TV. The cliff is a debt cliff. There is a debt crisis in our country. We now have a debt that equals our GDP. Our debt equals our economy. We are borrowing—while we are today dithering over a deal that will do nothing—we will borrow \$4 billion today. We are borrowing \$50,000 every second. Each man, woman, and child in this country owes more per capita in debt than they do in Greece.

So, by all means, let's complete a deal today so we can go home. Let's complete a deal. Let's raise taxes. Let's stick it to those rich people. Let's not touch spending, and let's pretend as if we have done something. The deal will do absolutely nothing to save this country.

Two-thirds of our spending is entitlements. The President has taken entitlements off the table. We will not reform the entitlement programs. Why are the entitlement programs broken? Is it Republicans' fault or Democrats' fault? No, it is your great-grandparents' fault. They had too many kids. It has nothing to do with partisan politics. There were a whole bunch of babies born after the war, and then there have been less babies born with each generation. It is nobody's fault, but it is not working. We spend more on Social Security than comes in in taxes. That is a problem.

On Medicare, it is even worse. We spend \$3 for every dollar we collect in Medicare. Does anybody think that is going to work? It has been going on for a long time now and it is getting worse. We owe \$35 to \$40 trillion on Medicare, and it is not getting any better.

So what do the retirement groups say? AARP says: Absolutely, don't touch it. Oh, that is great. That is part of the solution. Don't touch it.

What does the President say? Entitlements are off the table.

What does the majority leader say? We will not do anything about entitlements. Oh, well, great. This is going to be a real great solution. We are really going to do a lot—but we are going to stick it to rich people.

I hope nobody works for any of these rich people. I hope nobody sells any of this stuff to rich people.

So the thing is, look at what is going on up here, and when you ask for action, don't ask for any action. We have

to figure out what the problem is before we can get to what we need to do.

People say, well, we have raised taxes; we just need more revenue. Spending, as measured as a percentage of the economy, 4 years ago we were spending 20 percent of our GDP. We are now spending 25 percent of our GDP. When we say on our side that it is a spending problem, it absolutely is, it absolutely is, and it is out of control.

Guess what. Most of it is called mandatory spending. That means entitlements. We can't do anything about it. They are now taken off the table.

Now, about a year ago, you may remember there was this big debate, the Budget Control Act. There was a big debate over raising the debt ceiling, and they attached to it some slowdown in spending. Now, these were not cuts; the sequester is not a cut in spending. It is repeated all the time on TV that the sequester is a cut, but it is not a cut; it is a slowdown in the rate of growth. But it is at least going in the right direction.

So what is the one thing we hear now that is going to be part of this deal? We are going to get rid of the sequester. So the one even pretend, make-believe attempt to try to slow down spending, they are going to jettison it. They are going to kick the can down the road—but we are going to get those rich people. We are going to attack those rich people.

We have to wake up soon as a country. We are literally insolvent. Some say, well, we are a great and powerful country. Bad things could never happen to us. It can, and it has happened to great civilized countries. Do you know what they do. Great and civilized countries can destroy their currency. We have printed trillions upon trillions of dollars, and we are in danger of destroying the very value of our currency.

So instead of having a President who runs around saying he is going to stick it to rich people, what we really need are honest people to go around the country and say to people: If you are working class or you are retired, the government is stealing from you. The government is stealing your savings through big government. On the one hand, they offer you something. They offer you baubles. They offer you something for free: Here is a cell phone. Just take the cell phone and vote for me. It will be OK.

The problem is, it is not free. On the one hand, you get the free cell phone. On the other hand, you get \$4 gas. On the other hand, you get food costs rising.

Why do prices go up? Because we run a deficit giving you free stuff, and then we print money to pay for it, and that steals value from what you have. It is not that gas is more precious; gas is rising because the value of the dollar is shrinking. Food is rising because the value of the dollar is shrinking.

So big government isn't your friend, and deficits are not your friend. We

hang in the balance up here and nobody is serious about it.

What is the one thing that has been taken off the table? Spending. We will not cut any spending. So we are looking for a deal that will raise taxes, which everybody seems to equate with drowning—except we are only going to make a few people drown, and they are rich anyway. But I think drowning is a policy. Drowning, even if it is selective drowning, being in favor of selective drowning is not a good policy.

What I have said and what I tell people is let your representatives know. Let your Senators know that you would rather have some kind of serious fix to the problem rather than kicking the can down the road; that you would rather have them actually do something that would allow the economy to grow, would allow jobs to be created, and, as a consequence, government would bring in more revenue.

The only thing proven to ever bring in more revenue is economic growth. What is going on right now? We are growing at a little under 2 percent. When the President, 2 years ago, extended all the tax rates and chose not to raise tax rates, we were growing faster. He said we don't want to rock the economy, and he agreed to extend all tax breaks. But now I think he is hell bent on raising taxes.

Realize that what you are going to get is raising taxes, more money taken out of the private sector and given to the government, the inefficient sector. Don't count on that new money coming in going to make the debt smaller; count on it funding more programs.

You will notice, if you look carefully at whatever this fiscal cliff deal is, there will not be spending cuts, but there will be spending proposals. So we are going to try to tax rich people more and get more money. It may not work because often you raise rates and get less revenue. We are going to try that, but we take the money that we get from rich people, and we are going to immediately spend it on more foolhardy programs, which is what we have been doing up here. We are not going to fix the problem, we are going to perpetuate the problem.

What I would argue for is we should be doing the opposite. We, the Republican Party, the party of limited government and low taxation, should have no part in this. We should have no fingerprints on this, and we should in no way support anything that raises taxes because it is bad economic policy.

So I, for one, will not support any proposal that comes out that does not cut spending and raises taxes.

Mr. President, I yield the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BEGICH). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

EXTENSION OF MORNING BUSINESS

Mr. KERRY. Mr. President, I ask unanimous consent that the period for morning business for debate only be extended until 2 p.m., with Senators permitted to speak for up to 10 minutes each.

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

Mr. KERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. NELSON of Florida. Mr. President, the hour is nigh. Now Washington is awash in the rumor that there might be some progress being made. I hope so. If there was anything that was made clear to this Senator in the reelection in one of the biggest States in the Union, it was that the people want us to come together and to stop this bickering, the excessive ideological rigidity, and the excessive partisanship. That is a huge turnoff because ideological rigidity and excessive partisanship are impediments to getting people to come together with commonsense decisions for solutions.

Obviously, there is an easy way. Hopefully that is what is being tweaked at the moment in a final solution, with the President to speak in about 30 minutes. I hope so.

Mr. President, I am going to leave you with this thought. My colleagues know that a little over a quarter century ago, I had the privilege of seeing our home planet from the perspective of looking through the window of a spacecraft. It was the 24th flight of the space shuttle. It was early in the space shuttle program. It is indelibly etched in my mind's eye, as I looked back at Earth, what I saw. I did not see political divisions. I did not see religious divisions. I did not see ethnic divisions. What I saw is that we were all in this together, all a part of planet Earth. If we could remember that in our politics, we would all get along so much better. I hope that stays indelibly etched in my mind's eye and that we ultimately prevail in this momentous decision of avoiding the fiscal cliff.

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

The PRESIDING OFFICER (Mrs. HAGAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.