

this body that will have a positive effect on the economy.

There are some who see signs of the economy showing some strength. The stock market is doing pretty well. It is a bit volatile every day, but where are we on the stock market? We are doing pretty well. There was news about the housing prices and housing market coming up. Consumer confidence has been stronger than expected. These have not yet congealed into the trends we hope to see, but there are signs and there is evidence that we have an economy that is ready to achieve some lift.

If we look at our global competitors, we see that there are some weaknesses. This is a lesson I heard preached again and again by my senior Senator as he talked about global economies around the world. Senator WARNER talks about how Europe and the Euro Zone has its challenges, the Japanese economy has its challenges, and the Chinese economy has not been quite as strong as it had been. Our major global competitors are not just clicking on all eight cylinders.

If we do something right now, it will send a message throughout the economy that we are not only open for business, but there is a balanced approach that can be reached by a Senate and a Congress that is willing to work together and put country first and do what is right for the economy. I think we have every reason to believe we will not only avert the negative consequences I spent the last half hour talking about, but we will take those positive trends in the economy and put some more healing into the economy.

We will see some more lift that could be significant. We will see more of that cash that is in bank accounts invested back into the American economy. We will put some distance between ourselves and some of our other global competitors. This is what is at stake for us if we get this right.

It should be enough for us to do the right thing and find a balanced approach to avoid hurting people and to avoid hurting the economy. We will not only get an additional benefit if we act in a balanced way—because I believe we will avert those consequences—but we will see our economy lift in a more accelerated way.

I will conclude by saying this: This is a moment where we have a choice to make. I was with Leader REID an hour or two ago, and we sat through a beautiful ceremony where a statue was unveiled of Rosa Parks. One of the speakers talked about a very humble and pedestrian setting where she had a decision to make. The decision was, Do I just do what has always been done? Do I just kind of keep drifting into a situation that I know is unjust and unequal or do I decide to do something different?

We are drifting toward something that is very bad, something that Members of Congress believed strongly when the bill was first put in place should not happen and would harm people

and would harm our economy. That is the moment we are in right now, a moment to make a decision.

The decision is, Do we allow ourselves to drift in a way that hurts people or do we choose a balanced approach that will help people, strengthen the economy, strengthen our budget, strengthen our ability to create jobs, and strengthen the reputation of this body?

Thank you.

I yield the floor.

The PRESIDING OFFICER (Mr. HEINRICH). The Senator from Virginia.

CONGRATULATING SENATOR KAINE

Mr. WARNER. Mr. President, I rise very briefly to commend my friend of 33 years for his maiden speech and thoughtful exposition of the challenges which face our country. I have had the opportunity to know and work with TIM KAINE since we were in law school together. There is no one who is brighter; there is no one who brings more relentless optimism to any challenge. He is going to be a great addition to the Senate.

I know so many colleagues from both sides of the aisle have come to admire his intellect, his fairness, and his willingness to always do the right thing. I just wanted to rise briefly to commend my good friend. I know it is his first speech, but it will not be his last.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. I would like to add my congratulations to the junior Senator from Virginia for his maiden speech. We knew when he decided to run that he would be an outstanding Member. As his speech showed, he is living up to those high expectations. His speech was thoughtful, relevant, and showed both sides of the issue. That is the kind of trademark the junior Senator from Virginia has, and we look forward to working with him in the future.

I yield the floor.

The PRESIDING OFFICER. If no one yields time, the time will be charged equally to both sides.

Mr. SESSIONS. Mr. President, I wish to continue to share my concerns about the appointment of Mr. Jack Lew to be the Secretary of the Treasury of the United States, one of the four senior Cabinet positions that are so important to America.

I have delineated how he proposed the budget in 2011. He announced on CNN and several other Sunday morning shows—this is when he was going to introduce the budget the next day, and he was giving a preview of it.

“Our budget will get us, over the next several years, to the point where we can look the American people in the eye and say, we’re not adding to the debt anymore; we’re spending money that we have each year, and then we can work on bringing down our national debt.”

Now, that would be a thing to celebrate. But I am convinced that he and the White House officials had met and

they decided they weren’t going to change the tax-and-spend and deficit policies of the United States, but they knew that wasn’t going to be popular after 2010’s shellacking of big-spending politicians. So what did they decide to do? They decided to prepare a budget that made no real change in the spending trajectory of America, continuing us on, as Secretary Geithner said just a few weeks later, an unsustainable course, while telling the American people they did what they wanted.

As I indicated earlier, this budget he presented never had a single year in the 10 years of that budget in which the deficit fell below \$600 billion. That is larger than any deficit President Bush ever had in his 8 years, and it was going up during the last 5 years.

They said the deficit would go up \$740-some-odd billion in the 10th year. The Congressional Budget Office took their very same proposals—the independent CBO—and concluded that it would be \$1.2 trillion in the 10th year, in debt—a totally unsustainable debt course and getting worse in the outer years.

So I am very much of the belief that this Senate should not accept a man for the Secretary of the Treasury, to promote him to that august position, who makes this kind of representation about the budget he prepared as Director of the Office of Management and Budget. The budget got zero votes in the House twice and zero votes in the Senate twice. It has been panned by editorial boards all over America. He has been at the center of the political financial maneuvers of the Obama Administration from the beginning.

A lot of people are wondering why an agreement hasn’t been reached around here: Why don’t you agree? It is hard to agree if the man you are negotiating with is as out of contact with reality as the Wall Street Journal said of Hosni Mubarak shortly before he fell in Egypt. So I am baffled by it.

I wish to share now a few more thoughts about how this sequester we are talking about so much now happened, how it came about, and Mr. Lew’s role in it. In fact, he designed it. He proposed a budget later in February 2012 that would eliminate it, and now he denies ever creating it in the first place. From Bob Woodward’s book—he studied this carefully and talked to people, and I saw him on television this morning being quite firm about this. He has written a recent op-ed piece explaining the situation.

This is what Bob Woodward said in his book “The Price of Politics”:

Lew, Nabors, Sperling and Bruce Reed, Biden’s chief of staff, had finally decided to propose using language from the 1985 Gramm-Rudman-Hollings deficit reduction law as the model for the trigger . . . It would require a sequester with half the cuts from Defense, and the other half from domestic programs.

Later in the negotiations, Obama adviser David Plouffe reportedly said that he couldn’t believe that Republicans were going to agree to any deal with sequester as a trigger.

Who started this? According to Mr. Woodward, no doubt about it, it was Mr. Lew.

In a recent op-ed in the *Washington Post*, Bob Woodward quoted Lew in saying this:

There was an insistence on the part of the Republicans in Congress for there to be some automatic trigger . . . [it] was very much rooted in the Republican congressional insistence that there be an automatic measure.

Woodward went on to say:

The president and Lew had this wrong.

That is what I just read about him saying the Republicans insisted on it. Mr. Woodward said in his piece:

The president and Lew had this wrong. My extensive reporting for my book *"The Price of Politics"* shows the automatic spending cuts were initiated by the White House and were the brainchild of Lew and White House congressional relations chief Rob Nabors.

Was Mr. Lew correct in insisting somebody else did it, or he and the White House?

Furthermore, on Senator BURR's questioning of Lew at the February Finance Committee confirmation hearing, Woodward says:

[Senator] Burr asked about the president's statement during the debate, that the Republicans originated it.

That is, the sequester.

Mr. Woodward writes this:

Lew, being a good lawyer and a loyal presidential adviser, then shifted to denial mode:

"Senator, the demand for an enforcement mechanism was not something that the administration was pushing at that moment."

That is how he handled that in the committee. Did he give a straight answer? No.

Then, during the negotiations for compromise that people had been hoping would happen for really the first 4 years of President Obama's administration because we are on an unsustainable path, and it is not going to be fixed without leadership from the President—if he opposes it, the Democratic majority in the Senate will not pass it. You can put that down. They have not bucked him one time and won't buck him on a comprehensive financial settlement to put America on a sound path. We have seen that the whole time. We have Senators meeting and talking and indicating they might agree, but fundamentally they are looking over to 1600 Pennsylvania Avenue. They don't want to break rank with the President. That is just the way it is.

So Lew was now the top negotiator for President Obama. He has been called an "obstructor of compromise." Reportedly, more than any other person in the room, Lew sabotaged agreement. Jack Lew has a long history of showing a failure to compromise on the drivers of the debt, the kinds of spending programs that are out of control, and we have to look at them. We can't have fundamental, large programs growing at three times the rate of the GDP, three times the rate of the economy.

Going back a long time ago, when Speaker Gingrich and now-Ohio Governor John Kasich—Kasich chaired the

Budget Committee, and Mr. Lew was a deputy in President Obama's OMB office. Mr. Kasich reportedly told President Obama's economic adviser Gene Sperling at the White House that Lew "did not know how to get to yes." That is Kasich's view of it.

A recent *National Journal* article on Lew quotes former Senator Judd Gregg, who chaired and was ranking member on the Senate Budget Committee, of which I am ranking member today. Judd Gregg, a highly respected Senator who didn't seek reelection and remains a very valuable contributor to the national discussion on debt and spending, said this:

"He's like a labor-union negotiator. He's not going to give you an inch if he doesn't have to . . . He's a true believer in the causes."

Well, that is apparently what we have been having because we can't ever get to an agreement that would do something significant.

The same *National Journal* article went on to say:

By causes, Gregg means Medicare and the rest of the social safety-net. These are the progressive ideals close to Lew's heart, friends and former colleagues say . . .

So Medicare, Medicaid, and food stamps have been growing at very rapid rates, and they are very large programs. And all of them, every program, can be examined, looked at, and we will find waste, abuse, fraud, mismanagement, and they can be reduced. But Mr. Lew said no.

When it came to the sequester, let me remind my colleagues that food stamps, which have gone from \$20 billion in 2001 to \$80 billion in 2012–11 years—went up four times. There is no way to make that program better? We have the inspector general finding fraud in some of these programs. Medicaid has been rising well above the economy's growth rate, and it definitely has the potential to be reformed and made more efficient. Not a dime was cut from food stamps. Not a dime was cut from Medicaid. Only 2 percent was obtained from Medicare, but it was taken in a way that just cut the payments to doctors and hospitals, which is not going to be able to be maintained much longer, experts tell us.

What kinds of examples do we have from Bob Woodward's book *"The Price of Politics"*? This is what he says:

[Brett] Loper [House Speaker John Boehner's policy director] found Lew obnoxious. The budget director was doing 75 percent of the talking, lecturing everyone not only about what Obama's policy was, but also why it was superior to the Republicans'.

That is Woodward's take. He goes on to say:

[Barry] Jackson [Boehner's chief of staff] found Lew's tone disrespectful and dismissive.

He goes on to say:

Lew was incredulous when he considered the Republican proposal as a whole. The changes they were considering sounded simple. But the speaker's office was laying down general principles and looking to apply them to extremely complex programs. The devil was always in the details.

Boehner was sick of the White House meetings. It was still mostly the president lecturing, he reported to his senior staff.

The other annoying factor was Jack Lew, who tried to explain why the Democrats' view of the world was right and the Republicans' wrong.

Look, when you are in a negotiation, it is not the time to have an argument over what your world view and my world view is. What you have to try to do is find out: Aren't there some things we can agree on that are consistent with both our world views and get us in a position so we can reach an agreement to save the Republic from financial disaster.

Why would not the Office of Management and Budget Director, unless he believed this bogus, phony statement—which he does not; he knew it was not accurate—why would he not want to do something historic and try to get America on a sound course? It was within the grasp.

So Mr. Woodward goes on:

"Always trying to protect the sacred cows of the left," Barry Jackson said of Lew, going through Medicare and Medicaid almost line by line while Boehner was just trying to reach some top-line agreement [on what they could do].

It was a very unsatisfactory situation. An agreement that could have been reached, I think, was not reached. And you keep looking around for fingerprints about how it fell apart, and it looks as though Jack Lew was the person doing that.

Mr. Lew is ideologically driven very strongly. That has become more clear as I have looked at the data and researched his background.

During the 2011 debt ceiling negotiations, Lew reportedly would not entertain even an idea by Senate Republicans that included any reforms to Medicaid. Everybody knows Medicaid has to be reformed. This is a health care system for poor people. Governors all over America are up in arms about Federal regulations and restrictions. The program had been surging in cost. It needs to be evaluated and improved. It has to be. It had no changes whatsoever in sequester because Jack Lew said no.

The publication *Politico* reported that "Democrats and progressives"—progressives are, apparently, not liberals. Progressives are folks who—I do not know. One of the things progressives do is they tend to be postmodern and they pretend not to pay much attention to the meaning of words. They have an agenda, in my observation, and they interpret the Constitution or the laws of the United States—well, they are more flexible. What do you want it to mean today? They are not into the plain meaning of words so we can have a common understanding of what people mean when they sign an agreement or pass a law.

Anyway, *Politico* reported that "Democrats and progressives" were "cheering Office of Management and Budget Director Jack Lew's promotion to White House chief of staff, saying he has a decades-long history of protecting entitlement programs—especially Medicaid—

It goes on. Politico reported that:

Lew played a crucial role in protecting Medicaid from the across-the-board cuts that would take place if the supercommittee didn't get a deficit deal—which it didn't. When Senate Minority Leader Mitch McConnell's aides pressed for including Medicaid as part of the sequester during a last-minute conference call, Lew shouted, "The answer is . . . No, no, no!"

So this has not been a healthy situation. This country is now in a fix. We have the sequester that is hammering us and disproportionately and unwisely mandating cuts on the Defense Department.

We can do better than that. Mr. Lew wanted that. He got that. Maybe he knew all along the White House was not going to agree to the things that would make this system work better and maybe, therefore, put us on a sound path and, he was quite happy to have the Defense Department—one-sixth of the government—get half the cuts and happy to protect huge segments of the government from any cuts.

Well, you cannot cut our interest payment. We do not want to cut Social Security, but need real reform that puts the program on a sound basis.

So that is how we got into this fix.

I would say to my colleagues, if you believe the President's budget that Mr. Lew submitted on CNN on February 12, 2011—if you believe he was correct to say: "Our budget will get us, over the next several years, to the point where we can look the American people in the eye and say we're not adding to the debt anymore; we're spending money that we have each year, and then we can work on bringing down our national debt," then you should vote for him. If you think that is a true statement, I would like to have somebody explain to me how it is true. And if it is not a true statement, should not the Congress of the United States, the U.S. Senate, stand up and say we cannot accept high government officials giving us this kind of answer?

With his budget, the lowest deficit we would have had is \$600 billion. We would have added \$13 trillion to the national debt over 10 years and maintained, as Secretary Geithner said, this Nation on an unsustainable debt course.

Mr. President, I see my colleague, the assistant Democratic leader, Senator DURBIN, and I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank my friend from Alabama for yielding the floor.

SEQUESTRATION

I rise today to join many colleagues who are expressing concern over the impact that sequestration is going to have on America and on my State of Illinois.

We are just days away from a budgetary perfect storm that we created. We have to come together to have a more balanced and sensible approach to

reducing the deficit. I was on the Simpson-Bowles Commission, nominated by Majority Leader HARRY REID. I served with 17 others—6 by the President, and 6 each from the House and the Senate, Democrats and Republicans equally divided. We considered the deficit crisis facing America. And it is serious. We borrow 40 cents for every \$1 we spend. That is unsustainable. No family could continue with that kind of a regimen, no company could, and certainly no nation can.

So we have to have deficit reduction, but we need to do it thoughtfully.

First, we do not want to do it too quickly. I just met downstairs with a group from Illinois. They are civic and business leaders from the Quad Cities area in western Illinois. We talked about the fact that we are in an economic recovery but a slow one, one that is taking hold but slowly. We need to take care that whatever we do does not jeopardize economic recovery.

Right now, downtown the Federal Reserve Board is trying to keep the economic recovery moving forward and jobs created. The way they are doing that is keeping interest rates low, so it is cheaper to borrow what is needed for a home or a car or a business. That is not good news for senior citizens on fixed incomes who want to see higher interest rates. But what they are trying to do is fuel capital and business expansion. That is the Federal Reserve.

Meanwhile, what is going on in Washington, not too far away from the Federal Reserve—a few blocks away at the Capitol—is the opposite message. What we are hearing from Members of Congress is that we need to cut spending.

Cutting spending at this moment in time means cutting jobs at this moment in time, which means fewer people paying income taxes and more people drawing government benefits. That is not the recipe for economic expansion.

So at opposite ends of Washington, we have contrasting approaches to the current economy. We are neutralizing all of the work being done by the Federal Reserve and by our austerity program here when it comes to our budget. And what is about to occur on Friday is an across-the-board spending cut. People say: Fine, cut spending. But it is also a cut in jobs—jobs in the civilian sector as well as the public sector. And that, to me, is shortsighted.

We need a deficit reduction plan that is sensitive to the state of the economy, that invests at this moment when we need it, but makes certain we are going to be reducing spending in the outyears. We are doing just the opposite. We should build on the \$2.5 trillion deficit reduction we have accomplished in the last several years with President Obama. But we need to do it thoughtfully, to ensure that all the national priorities—such as defending our Nation, education, and health care—can succeed in the 21st century.

As the new chairman of the Defense Appropriations Subcommittee, the

looming impact of the sequestration on the Department of Defense will be significant. Indeed, contractions in defense spending are already impacting the national economy and are affecting operations for our men and women in uniform at home and overseas.

For the first time since the spring of 2009, the Department of Labor reported that the U.S. economy actually shrank by one-tenth of 1 percent. That is largely due to a 22.2-percent decrease in national defense spending.

The Department of Defense has already implemented a civilian hiring freeze and is eliminating 46,000 temporary jobs.

Last week, the Congress was notified that the Department of Defense will notify 800,000 civilian workers they are about to be laid off. These workers will not be paid one day a week for the rest of the year. That equates to a 20-percent reduction in their income.

These civilian and temporary workforces are not just bureaucrats at the Pentagon. In fact, 86 percent of the workforce I am describing resides outside of Washington, DC. These are civilians working for our Department of Defense who literally fix the equipment in our depots and arsenals. They are teachers for our schools, training the children of military families, counselors, police officers, medical professionals, blue-collar wrench turners and maintainers at our military bases.

The impact of sequestration is already being felt not just here in this country but overseas. I just returned last week from a whirlwind tour—I am still recovering—over to Africa to visit Uganda, Djibouti, and then into the gulf into Bahrain.

I saw firsthand the men and women in uniform who are defending our interests, pursuing our missions, and the impact of sequestration. In Uganda our U.S. military is currently training Ugandan military forces to take down a notorious leader of the Lord's Resistance Army, Joseph Kony. They are making significant progress; however, their mission is so important to increasing stability in a difficult portion of the world, and it could be sacrificed to a sequester.

In Bahrain, home of the Navy's Fifth Fleet, I met with ADM John Miller. He took me on these ships, and I met with our great sailors, the men and women in our naval forces who are keeping America safe and watching some of America's most threatening enemies. They have already cancelled deployment of a second aircraft carrier to the gulf. We were going to have the Truman come to the gulf and supplement our naval forces in the Fifth Fleet. It has been cancelled because of sequestration. Why? Because the Navy had to hold the Truman in reserve to save the money. This is just one example of how you can't contain the effects of sequestration. So there will be one carrier out there protecting our men and women in uniform. There should be two; that is the safest thing to do. Due