

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

to the budget cutbacks that will not be possible.

As Secretary Panetta stated recently, the Pentagon is facing a perfect budget storm—sequestration nearly halfway through a fiscal year coupled with a potential yearlong continuing resolution. If sequestration isn't averted—it goes into effect on Friday—it will impose senseless across-the-board cuts on almost every account in the Department of Defense as a result of Congress's inability to devise a more responsible solution.

The second issue in the continuing resolution we have had for the last 5 months—and the threat of the Pentagon having to do so for another 7 months under a potential yearlong CR. What is a CR? The CR is a snapshot of last year's budget bill applied to this year. Does that make sense?

Last year we were building a ship. This year we completed it. This year the budget says keep building the ship. It is finished. To merely replicate the same budget from last year and say we are extending the CR is wasteful. It doesn't make any sense whatsoever.

The Pentagon's fiscal year 2012 budget is a lot different than what they need in 2013, particularly in readiness funding. When we hear the Pentagon tell us the first thing we have to do is cut back in readiness, let's translate that into language that average people would appreciate.

Right up there is a door to the gallery in the Senate Chamber. A few years ago a nephew of mine named Michael had a summer job working that door. I like Michael a lot. The reason he worked that job for a few weeks was he just enlisted in the Army, and we wanted to give him a few bucks in his pocket before he took off. He is a great kid. A big smile on his face and off he went. He became part of the Mountain Division out of Fort Drum, and he was assigned to Afghanistan.

The whole family—and we have a pretty big family—was waiting, hoping, and praying for Michael's safe return. We had one thing going for us: not only the fact that he was young, strong, and determined, but he had been trained. Readiness equals training equals survival. The Pentagon has told us sequestration will cut back in readiness and training.

What if it were your nephew, your son, husband, wife, or daughter? Would you want the best training before they were sent into action? Of course you would. Readiness and training are essential for a military ready to respond when it is called on. When we cut back in these areas, we jeopardize the chance of success of a mission, and we reduce the likelihood of their being ready and surviving any combat they might face. It is very shortsighted.

General Dempsey, Chairman of the Joint Chiefs of Staff, stated: "Readiness is what's now in jeopardy. We're on the brink of creating a hollow force."

That is sequestration. In the operations account alone, the account asso-

ciated most closely with a hollow force, the combined effect of sequester and a yearlong CR will leave a shortfall of over \$40 billion in the last 7 months of this year.

As the department protects warfighter needs in Afghanistan and troop pay, as they should, the impact necessarily falls disproportionately on the rest of the Department, no matter how important their mission.

For our troops, sequestration will mean an immediate impact on training and readiness. Eighty percent of Army combat units will have to delay their training. Fifty-five percent of Marine Corps combat units will have unsatisfactory readiness ratings. Navy ship deployments will be cut by nearly 25 percent.

Sequestration would also mean significant cuts to family support programs. It isn't just the soldier who goes to war; it is the soldier and the soldier's family who go to war. The Pentagon provides mental health, suicide and financial counseling, and critical services to military members and their families. While the Department is going to try its best to protect these programs, these services are going to be sharply reduced under sequestration.

Let's not come to these hearings and lament the incidence of suicide in the military, as horrific as it is, and then turn around and say: Well, you will never notice the sequestration cut when it comes to counseling for PTSD and mental issues facing our military. Yes, we will. We need to be sensitive to these military members and their families.

The Defense Health Program will face a shortfall of \$2.5 billion under sequester. The Department is projecting there may not be enough funding to cover health care access for some military retirees. We are also looking at significant job loss in the industrial base. They are going to be felt in high-tech defense industry as well as blue-collar workforces across the country. The Navy estimates 30,000 private sector workers will be laid off or reduced in pay, and repair of ships, aircraft, and maintenance of facilities and equipment will be affected. The Army has estimated 5,000 layoffs at its own depots.

These are just preliminary. The list goes on. From those workforce reductions in the intelligence community, we don't know the overall impact of our Nation's safety. As we meet in the comfort and safety of this Chamber, there are Americans—men and women, some of them civilian contractors—who are working for our military and intelligence agencies who are watching the threats to the United States every single second, every minute, every hour, every day.

We don't want to shortchange them because in doing that we shortchange our protection, our defense. Every State is going to feel these job losses.

The day before yesterday I was at Scott Air Force Base near Belleville,

IL. At that base, the Rock Island Arsenal in the Quad Cities and Air Guard units across Illinois—Springfield, Peoria—the effect is going to be significant: 15,000 civilian personnel in Illinois will be furloughed for 22 days over the next 7 months, essentially a 20-percent pay cut. That means \$52 million is coming out of the pockets of those working families in my State who are trying to get through the worst recession we have had in decades.

About 1,500 of these civilian furloughs are Guard technicians. These people are the backbone of the National Guard in every State with critical maintenance and training responsibilities. There might have been a day in the distant past when we could say, well, it is just the National Guard. We have learned better. When it came to Iraq and Afghanistan, it was America's Reserves and National Guard who stepped up. Time and time again, deployment after deployment, they went into action, and we were proud of what they did. To shortchange them when it comes to this basic maintenance and reliability is shortsighted.

The loss of Guard and Reserve training in Illinois is equivalent to almost \$20 million lost. Delaying or canceling necessary military construction means it will cost more in the future to the tune of about \$27 million. In the Quad Cities, the Rock Island manufacturing hub could lose \$197 million in workload. These cuts don't make sense—not for Illinois, not for America.

I want to talk about what sequestration means for civilian families in my State of Illinois. The across-the-board cuts that are scheduled to begin on Friday will work a real hardship on families, children, and the elderly. Seventy thousand young kids across the country will be kicked out of Head Start. Head Start is the pre-K program which gets young kids off on the right foot, to enable them to learn when they arrive in kindergarten and school. Mr. President, 2,700 preschoolers in Illinois will be eliminated from the program because of sequestration.

Loan guarantees for small businesses are way down. That is the engine of our economy, one of the best job creators. They are going to be cut by \$540 million nationwide. Fewer jobs, less innovation, less economic growth. In just a single recent year, more than 2,300 small businesses used these loan guarantees in Illinois, and now there will be a dramatic reduction.

If sequestration takes place, the food we eat is going to be at least threatened, if not slowed down; 2,100 fewer food inspections will occur, putting our children at risk and costing many jobs in the food production industry and definitely slowing down production.

The Centers for Disease Control estimates each year roughly one in six Americans, about 48 million people, get sick; 128,000 are hospitalized; and 3,000 die of foodborne diseases. Is food inspection important? You bet it is. It is clear we need more food inspection in

the United States, not less, as the sequestration would cause.

Up to 373,000 mentally ill adults would be prevented from receiving necessary treatment, putting them at risk of hospitalization, crime, and homelessness.

Cuts to medical research would mean delays in finding cures to heart disease, cancer, and Alzheimer's, which are so important to every family in America. Illinois alone will lose \$38 million in funding for medical research and innovation as a result of the sequestration.

How badly will it set back research and innovation? This is how the head of NIH under President George W. Bush described it:

We are going to maim our innovation capabilities if you do these abrupt deep cuts at NIH. It will impact science for generations to come.

The National Science Foundation would issue nearly 1,000 fewer research grants and awards. This translates to \$20 million less for scientific research in my State.

A recent National Science Foundation grant helped build and support the National Center for Supercomputing Applications at the University of Illinois. What a dynamo of job creation this is, and now we are cutting it back.

This center hosts several supercomputers which are used to model and solve some of the most serious engineering challenges facing us in the world. Health and nutrition services would be dramatically reduced putting women, children, and the elderly at risk.

I know what the other side said. Peggy Noonan, the great speech writer who appears on television regularly—and I disagree with her politics, but I admire her writing skills immensely—says: We are living in a government of “freak out” and the President is trying to freak us out by telling us all the terrible things that are going to happen as a result of sequestration.

I have news for Ms. Noonan. These are real cuts. They will be noticed. They will have a long-term impact. If the President didn't speak out about what these cuts meant, he would be derelict in his own important responsibilities. I am glad he is telling us. I am glad the American people see it coming, and I hope, as they see it coming, they will join us in a way of trying to avoid it and find a better approach.

As many as 376 fewer Illinois women will be screened for cancer because of these cuts; 5,576 fewer children will receive lifesaving vaccinations; \$764,000 less will be spent to provide seniors with basic Meals on Wheels. The list goes on.

That is the bad news. Is there a way out of it? There will be. The Senate will get a chance to vote tomorrow. The House has decided in a very curious move to basically leave town and ignore this. They passed two bills last year which have expired. They don't even apply anymore, and Speaker BOEHNER announced earlier this week, well, it is now up to the Senate.

I am not sure if things have changed. I was paying pretty close attention, but under the Constitution I believe we have a House and a Senate. Unless we have gone to some Nebraska model, a unicameral model, there is nothing we can do in the Senate to cure this problem alone. We need to have the cooperation of the House. The Speaker can't wash his hands of this and walk away, which, apparently, he suggested he could earlier this week.

We are going to come up with a balanced approach, one that makes a lot more sense than what I have just described. It is going to be a combination of spending cuts—yes, there will be some—and increased revenues. We are going to close some loopholes which benefit wealthy individuals and big corporations. We can replace sequestration, which I have just described, and avoid the damage and cuts and still achieve deficit reduction.

In January, Congress agreed to use a balanced mix of spending cuts and new revenues to delay sequestration to March 1. Congress agreed on a bipartisan basis to split it 50-50 between taxes and spending cuts. Leader REID voted for it, as did Speaker BOEHNER. Senator MCCONNELL, the Republican leader, voted for it, as well as Leader PELOSI. Senate Budget Committee chairman PATTY MURRAY voted for it, as did House Republican Budget Committee chairman PAUL RYAN. This bipartisan approach of equal cuts and tax increases apparently had the whole-some bipartisan support in both Chambers.

The American people agreed, incidentally, that it makes sense. Those who have been successful in America—God bless them. They have done well. Many of them have created big businesses and jobs. It is not unreasonable to ask them to pay back some, particularly if they happen to be in those income categories like a man I know named Warren Buffett, one of the wealthiest people in America. He has said over and over again there is something wrong with the tax system when he pays a lower tax rate on his income than his secretary. I think he is right.

The change we are making to come up with revenue basically is to apply the Buffett rule. The money you make over \$1 million is going to be subject to higher taxation, up to \$5 or \$6 million. That money will be captured over the next 10 years to enable us to reduce the deficit and reduce the impact of sequestration. It would close that loophole, a loophole which I think needs to be closed and is long overdue, and the American people agree we should close other loopholes—oil and gas company loopholes, for example, offshore tax haven loopholes.

In line with these priorities, the Senate Democrats tomorrow will put forth a balanced approach to avoid sequestration for the rest of this year and give Congress more time to pass a long-term budget agreement. Our bill would ensure that millionaires are not paying

a lower tax rate than the people who work for them or the janitors who clean their offices. The Buffett rule is an important step in reducing the inequality in the Tax Code.

Even as our economy has recovered, this inequality, unfortunately, has grown. A recent study found the top 1 percent of income earners captured 121 percent of the income gains in the first 2 years of the recovery. They were the first to get well in a big way. What about the rest of America? The top 1 percent captured 121 percent of the income gains, and the other 99 percent fell further behind. Let us reverse this once and for all. This income inequality is inconsistent with balanced economic growth. The Senate Democrats' plan also closes tax loopholes that actually cut taxes for companies that move factories overseas. I cannot imagine why there would be a reward in the Tax Code for a company in America that decides to offshore its production and lay off American workers. If they want to do that, if that is a corporate decision to make more money, it shouldn't be with the incentive or the reward of our Tax Code. That is a tax policy that should be put to rest once and for all.

On the spending side, our bill cuts wasteful direct payments in our agricultural programs, and I come from an agricultural State. Those direct payments should come to an end. They are made to farmers in good times and bad. This is not a safety net. In many instances, it is a windfall. We made this a part of the farm bill—the bipartisan bill that passed the Senate—and we include it in this approach for deficit reduction.

The Pentagon has to play a role in further deficit reduction, and they know it. I have long said we need to make smart cuts in defense programs, not the sequestration approach. The Senate Democrats' bill includes these smart defense cuts and, importantly, delays them until after we have ended the war in Afghanistan next year.

This choice should be an easy one for every Senator and every American. We simply have to choose. Are we for national security, education, infrastructure, and innovation or are we for special interest tax loopholes, subsidies and giveaways? That is what it boils down to.

For over 200 years, our national values have reflected that we want to stand together when it comes to keeping America strong, educating our children, leading the world in research, and building the infrastructure for the 21st century. Our votes tomorrow will be an indication of whether we still believe that.

We were never supposed to be at this moment in time. We weren't supposed to face this sequestration. It was supposed to be such a parade of horrors we would do everything we could to avoid it. We voted for it on a bipartisan basis, sent it to the President, and he signed it into law. I know he felt—and

he said it publicly—it would never reach that point. Well, it has reached that point. Now the question is, Are we going to throw up our hands and say that is the way Washington works now?

We lurch from one crisis to the next. The crisis this week is sequestration. Three weeks from now it will be the continuing resolution. This is no way to run a government and it is no way to run a nation. I implore the Speaker and all the leaders on both sides of the aisle, for goodness' sake, don't say it is the other guy's responsibility. We have to come together and solve this problem. That is why we were sent here.

I yield the floor.

The PRESIDING OFFICER (Mr. COONS). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise to speak on the nomination of Jack Lew to be the Secretary of the Treasury. Am I in order to do that?

The PRESIDING OFFICER. The Senator may proceed.

Mr. GRASSLEY. Mr. President, the problem we face with Mr. Lew's nomination is that the Senate does not have answers to very basic and factual questions about Mr. Lew. How can we make an informed decision on his nomination if we don't have answers to basic questions?

Let me provide several examples, starting with New York University. He worked for this tax-exempt university and he was given a subsidized \$1.4 million mortgage. Mr. Lew claims he cannot remember the interest rate he paid on his \$1.4 million mortgage the tax-exempt New York University gave him.

Does that pass the laugh test? I asked Mr. Lew to provide details on the mortgage to Congress. He refused repeatedly to provide full details and documentation of this taxpayer-subsidized mortgage. The explanations he did provide were needlessly complex, making it almost impossible to understand the structure of his loan.

What is he hiding? Why can't Congress get a straight answer out of this nominee to be our next Secretary of Treasury?

When Mr. Lew was executive vice president of New York University, the school received kickbacks on student loans from Citigroup. Then Mr. Lew went to work for that same Citigroup. When I asked Mr. Lew if he had any conversations with Citigroup about these kickbacks while he was at New York University, he once again "could not recall." I asked for any documents related to his involvement in the kickbacks and he refused to search for them.

Did those conversations occur? We don't know.

On Monday, the New York Times uncovered a \$685,000 payment that New York University gave Jack Lew on his way out the door. The New York Times called the payment "unusual." It is a shame Mr. Lew failed to provide these details as part of his confirmation process, leaving us to rely on the press to dig out the details.

He told the committee he received "severance pay" from New York University but did not disclose the amount. The dictionary defines severance pay as: "A sum of money, usually based on length of employment, for which an employee is eligible upon termination."

Was Mr. Lew terminated? If so, why was he terminated? If not, was the severance package truly a parting gift from the university? I don't know the answers to those questions because Mr. Lew was not forthcoming with the answers.

When it comes to questions about investments in the Cayman Islands, things get even less transparent. Mr. Lew claimed he did not know Uglund House was a notorious tax haven. He claims he did not know he had his money in the Cayman Islands. He claims he was not aware of any Citigroup Cayman Islands account.

Again, this does not pass the laugh test. President Obama and Chairman BAUCUS have highlighted Uglund House as a problem over a long period of years. When Mr. Lew was at Citigroup for years he signed documents which disclosed the fact that he was investing money in the Cayman Islands.

This is his distinctive signature, right here; the Uglund House description here, and the Grand Cayman name here. It is very obvious this signature doesn't belong to anybody else. It has been highlighted, and there have been a lot of newspaper articles about it. How are we going to have that signature on the dollar bill if he gets to be Secretary of Treasury?

So everybody knows to whom that belongs. Yet with all this information, he is telling the committee he doesn't know anything about the Cayman Islands or where his money was going.

We have so many more questions for Mr. Lew.

This is what the Wall Street Journal said last week in reference to Mr. Lew's past:

Investor in Cayman Islands tax haven? Check. Recipient of a bonus and corporate jet rides underwritten by taxpayers at a bailed-out bank? Check. Executive at a university that accepted student-loan kickbacks toward a favored bank? Check. Excessive compensation with minimal disclosure? Check.

Mr. Lew's eagerness and skill in obtaining bonuses, severance payments, housing allowances, and other perks raise very serious questions about whether he appreciates who pays the bills. How will he approach the burden on taxpayers to pay the government's bills? Will he act as cavalierly toward the taxpayers as Treasury Secretary as he did at Citigroup and New York University?

But despite all these questions, we are right now, this very day, rushing ahead to a vote on this nomination. Clearly, these questions don't matter to Mr. Lew's supporters because they are confident they have the votes. Unfortunately, they even have some as-

sistance from my side of the aisle. But transparency and sunlight are essential for Congress and for the American people because with transparency and sunlight comes accountability.

Those supporting Mr. Lew today better not expect any real answers out of him in the future if he will not answer these questions before confirmation. Whether we serve on the Finance Committee or on any other committee, we must do our constitutional job of oversight. We pass laws and we appropriate money and so we have a responsibility as Senators to make sure the laws are faithfully executed, which means we have to get answers from Cabinet people or people generally in the executive branch of government. If there are questions about the seriousness of faithfully executing the laws, faithfully spending the money we appropriate, we must ask questions. Do you think we will get answers from Mr. Lew after he becomes Secretary of the Treasury if he will not answer questions before his confirmation?

The larger problem, though, may be that when Mr. Lew actually does try to answer a question, he confirms our concerns. For example, when Mr. Lew was caught with the Cayman Islands bank account, he said: Well, I didn't make any money. Apparently, there is now a brandnew standard. It is OK to invest in "the largest tax scam in the world"—and those are the President's words about the Cayman Islands and Uglund House, the largest tax scam in the world—so long as you don't make any money. That is the new standard.

When Mr. Lew was asked about New York University's investment in Cayman Island investments, again he could not recall them. Mr. Lew received over \$1.2 million in his final year at New York University. He was hired specifically to run the business side of New York University. Yet despite all this, he claims he had no specific knowledge of where NYU's money was being invested.

When I asked Mr. Lew if he could explain morally his decision to take almost \$1 million from an insolvent company supported by taxpayers, he could not answer. He said this to me: "I will leave it to others to judge." Mr. Lew refused to explain why he thought the bonus was justified. Since Mr. Lew could not answer that question, today I answer it for my colleagues, as they consider a "yes" or "no" vote on this nomination.

It is important we hold members of this administration equal to the standards they set for everyone else. When it comes to oversight, I don't think anybody is going to question this Senator is an equal opportunity overseer, because I raise these same questions about oversight whether we have a Republican administration or a Democratic administration. I believe it is important to hold members of this administration equal to the standard they set for everyone else.

Let's look at that standard. In the past, the President has railed against

the “fat cats” on Wall Street. Today, the President nominates a man who took a bonus from a bailed-out, financially insolvent bank. The President has constantly complained about the high cost of college tuition. While Mr. Lew was at NYU, the university increased tuition nearly 40 percent while he was getting paid more than the New York University president.

In the not-so-distant past, the President has called the Ugland House “the biggest tax scam in the world.” Today, he nominates a man who invested there. In fact, the President has repeatedly railed against the Cayman Islands and Cayman Islands investments.

Mr. Lew is a serial Cayman Islands investor. On his watch, Citigroup invested money there, New York University invested money there, and he invested his own money there.

I believe it is essential to hold everyone to the same standards they set for others. For these reasons, I vote NO on this nomination.

Mr. President, 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. SESSIONS. 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. SESSIONS. Mr. President, as we review the Lew nomination—I think all of us should ask a number of questions about any nominee. One of them deals with their professional competence, their proven integrity, and their good judgment.

Senator GRASSLEY has invested a good deal of time working on and understanding some of the things that happened when Mr. Lew was at Citigroup, the bank that apparently had the largest losses of any of the Wall Street banks, and it was not a good tenure there. He was a financial adviser; and it shows that, to the extent he has had any real banking experience, his experience has proven not to be successful. It is like the football player who might have played some games but he lost.

In early 2008, Mr. Lew became a top executive in the Citigroup Alternative Investment Unit, which houses hedge funds and private equity investments. News reports indicate that massive losses in this department played a role in leading to a Federal bailout of Citigroup—his department.

One troubling aspect of Mr. Lew’s department was that he was betting against the taxpayers. That is what the experts conclude: Citigroup, under Mr. Lew’s leadership, was betting on the collapse of the housing market.

Simon Johnson, an economist at MIT and a liberal, testified before our Budget Committee and said this about the crisis:

This mismanagement of risk was comprehensive in that organization.

He was talking about Citigroup, their mismanagement of risk was comprehensive. On January 16, 2009, Citigroup announced a loss of \$18.7 billion, the same day that taxpayers bailed out Citigroup with \$301 billion in loan guarantees. What a dramatic event that is, and was.

Mr. Lew’s previous experience as an adviser at Citigroup provides a pretty good indication that he was in the wrong place and didn’t perform well under these circumstances.

The day before the taxpayers came to Citigroup’s rescue, Mr. Lew received a bonus. The President has been vigorous in attacking those who received Wall Street bonuses. He said it was wrong and it shouldn’t happen. And in this case, he is exactly right: Mr. Lew should not have gotten this bonus. But it doesn’t seem to bother the President to promote this man to Secretary of Treasury.

Here is what happened: Mr. Lew received a bonus, for the mismanagement that occurred there, in an amount exceeding \$940,000. Almost a \$1 million bonus. How many people do you know who get a \$1 million bonus? The bonus was in addition to the \$1.1 million salary he was paid for his work at Citigroup.

One news account of this event, citing that Securities and Exchange Commission filing, states this:

His unit lost billions of dollars in 2008 as its bets turned sour. In the first quarter of 2008 alone, the unit lost \$509 million. The company stopped publicly disclosing the unit’s individual numbers thereafter, but the part of the company that absorbed alternative investments lost \$20.1 billion in 2008.

We should be concerned about Mr. Lew assuming the role as America’s top financial adviser and economic advocate. He has told us to be concerned about this, if we would listen to him. During his confirmation hearings before the Budget Committee in 2010 to be Director of Office of Management and Budget, Mr. Lew was asked his views on the Wall Street financial collapse which he was smack dab in the middle of. What did he say about that?

Well, he said, Senator, when we discussed it, I mentioned to you I do not consider myself an expert on some of these aspects of the financial industry. My experience in the financial industry had been as a manager, not as an investment adviser. I would defer to others who were more expert in the industry and parse it better than that.

In other words, he disclaimed any real knowledge of the business. If so, how did he get the No. 1 job? Was it because of his political connections to the Clinton administration? And when he got a bonus to leave Citigroup, he only got that bonus if he was going to the Federal Government—the kind of crony capitalism that Larry Kudlow has so raised questions about.

Mr. Kudlow’s question: Why did Citigroup allow him to have a bonus when he departed the bank, when he led one of the worst divisions in the

history of any banking department—any bank, ever—and he only got that if he was going to work for the government?

And Mr. Kudlow knows Wall Street. He knows people all through Wall Street. You have seen him on television nightly. He was an economist for the Federal Reserve, an economist for the chief economist for the Senate Budget Committee at one time, and worked for the Office of Management and Budget. He raises the question of crony capitalism. Why?

Maybe Citibank, and the Wall Street financial community in desperate straits, thought: Wouldn’t it be nice to have our guy move over to the White House, be right in the President’s office and be Director of Office of Management and Budget? We are glad to see him go over there and we are glad to pay him \$1 million. Maybe he will take our phone calls.

That is what Mr. Kudlow was talking about. And the Wall Street Journal—the Wall Street Journal believes in a free market. They are not opposed to people making a bonus. The Wall Street Journal sensed in his maneuverings an unhealthy crony capitalism deal, where people move back and forth from businesses and they use their government connections to advantage the business they left or they might return to. It is unhealthy. It is not free market capitalism; it is crony capitalism. It is not good.

The President was against all these bonuses and he is against a lot of this, and we are going to have an open administration, but he doesn’t seem to worry about that.

So, such experience as Mr. Lew had demonstrates a lack of financial success, dramatic failures, in effect, \$20 billion in losses in 2008 alone; but yet he got a \$1 million bonus.

There is another matter of great importance. I remember when it happened. Judd Gregg from New Hampshire, former chairman of the Budget Committee, former ranking member of the Budget Committee—long-time member of that committee—worried about the future debt and unsustainable financial path of America and came up with an idea. In 2003, he proposed legislation, which was enacted, that placed a legal requirement that the President of the United States submit legislation if Medicare trustees—the people who run the Medicare Program—issue a funding warning for the program as part of their annual report. If America’s trustees see they are on a funding path that is unsustainable and dangerous for Medicare, they shall formally notify the President of the United States. This would require the President to analyze the problem and submit legislation to Congress to see if we can’t put Medicare on a sound path.

That is a simple event. Shouldn’t we thank Judd Gregg for that? This provision has been commonly referred to as the Medicare trigger, and it is intended to ensure that steps are taken to shore

up the program's finances before it is too late.

President Bush was the first one to receive that warning when he was in office, and he submitted legislation to deal with the Medicare crisis. He complied with the law.

The law states this:

If there is a Medicare funding warning made in a year . . . the President shall submit to Congress, within the 15-day period beginning on the date of the budget submission to Congress under subsection (a) for the succeeding year, proposed legislation to respond to such warning.

This is in the United States Code. When I say it is in law, it is in the United States Code. It requires that to occur. And it makes ever so much sense, does it not? Shouldn't we be worried about a program as important to Americans as Medicare? Shouldn't we be honestly dealing with it? Wouldn't Congress want to know what the President's plan is to fix it? He doesn't get to dictate that, but he gets an opportunity to lay out a vision to how to place it on a sound path.

Why wouldn't he want to do that? What objection should he ever have to that? He "shall" submit this, according to the law. President Bush did. But by contrast 2012—last year—marked the fourth consecutive year the Obama administration failed to submit such a legislative proposal despite the clear and unambiguous legal obligation to do so.

They say: We think we offered something with our Patient Protection Act—ObamaCare—and we do not have to do it.

They don't get to decide. The question is Medicare trustees—they said the warning is in effect. They sent the notice to the White House. And this is when the President's action is triggered. Mr. Lew, if he is confirmed, will be chairman of the Medicare trustees, as Secretary of Treasury of the United States. That is one of his top responsibilities.

So for 2 of those 4 years, 2010 through 2011, Jack Lew was the Director of the Office of Management and Budget. He also served in that office in part of 2012. As Director, he was the person responsible for drafting and submitting fiscal proposals and complying with budget law under 31 U.S. Code, section 1105. That is his duty, legally.

The House and Senate Budget Committees as well as a strong majority of the Senate Republican conference have written letters asking the Obama administration to respond to the Medicare trigger, the Medicare warning, and submit legislation to Congress dealing with Medicare's funding shortfall, as the law requires. But to this day they have not complied, just refused, just as the Senate majority here refused to produce a budget in 4 years even though the U.S. Code calls for a budget to be submitted.

Meanwhile, the nonpartisan Medicare Actuary, who is a person who is really good with the numbers on Medicare

and has great respect in the Congress, projects that on its current course, Medicare faces a \$36.9 trillion unfunded obligation over a 75-year period. Yet the President's most recent budget submission would actually increase Medicare spending relative to the current law, putting the program in an even more unsustainable position.

Yesterday I joined with Senator CORNYN and 20 other Republican Senators in sending another letter to the President on this matter. We wrote this:

During his testimony before the Finance Committee, Mr. Lew was asked about your administration's failure to abide by federal law while he served as OMB Director. Mr. Lew stated that the decision not to comply with the law was made prior to his service at OMB. We find it stunning and noteworthy that so far Mr. Lew has not provided adequate responses to congressional inquiries on the matter. Congress needs a clearer understanding about his role in the violation of this law, including exactly when Mr. Lew became aware of this legal requirement and what counsel, if any, he provided the Administration on whether it should comply with the law.

That is what was written, and of course they have not responded. I suspect they have no intention of responding. They have not responded before. I ask, should we not consider this before we advance him from the position of chief of staff to the Chairman of the Board of Trustees of Medicare, who has a duty to protect the program? And he will not even respond to the legal mandate that they lay out a proposal to fix Medicare when it is in a dangerous, unsustainable path, as it is today.

There are other matters I would mention, but I see my good colleague Senator SANDERS here.

I will be pleased to yield at this time.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. SANDERS. I thank the Senator from Alabama for yielding. I also intend to vote against Jack Lew to be our next Secretary of the Treasury but, in fact, for very different reasons than my colleague from Alabama.

Let me begin by stating that I have had the opportunity to speak with Jack Lew in my office on several occasions. It is very clear to me that Jack Lew is a very intelligent person. He is a very serious man. I applaud his many years of public service to our country. Furthermore, I believe that this afternoon he will be confirmed by the Senate. But I have to say that he will not be confirmed with my vote. The reason for that is that at this particular moment in American history, we find ourselves in the most difficult economic moment since the Great Depression.

The reality is—and we do not talk about it too much, the media doesn't talk about it too much, but most people understand—the great middle class of this country is disappearing. Poverty is extraordinarily high. Over 46 million Americans are living in poverty. At the same time, while the middle class collapses and poverty is extraordinarily high, the wealthiest people

in this country are doing phenomenally well and we are seeing record-breaking profits for large corporations.

The question is—given the fact that the Secretary of the Treasury is one of the most important positions in our Government, having enormous powers unto himself in addition to being a key adviser to the President, the question is, Is the new Secretary of Treasury prepared to take on the increasingly powerful oligarchy that controls the economic and political life of our Nation and stand with the working families of America who are being battered and beaten up every single day? I do not believe by any stretch of the imagination that Jack Lew is that person.

This is the economic reality we are confronting today, and this is the economic reality we need a Secretary of Treasury to work with the American people to improve. We have the most unequal distribution of wealth and income of any major country on Earth, worse than at any time since before the Great Depression. Today the wealthiest 400 Americans own more wealth than the bottom half of America—150 million people. Four hundred to 150 million. Do I believe Jack Lew sees this as a serious problem he is going to address? I do not.

Today one family, the Walton family—one of the major welfare beneficiaries in America because they pay their workers such low wages and provide such poor benefits that many of their workers are on Medicaid, food stamps, assisted housing—that one family owns more wealth than the bottom 40 percent of American families. Do I believe Jack Lew is going to say: Wait a minute, that doesn't make sense, we have to change those policies. No, I do not.

Today the top 1 percent owns 38 percent of the wealth in America, which is incredible unto itself. But even more incredible is that the bottom 60 percent own less than 3 percent of the Nation's wealth. This is not only a moral issue, it is not only an economic issue because when you have that kind of wealth and income disparity, working families are not going to have the money to spend to buy goods and services to create jobs, it is also a political crisis because as a result of Citizens United, this 1 percent can now spend unlimited sums of money to elect those candidates who support their agenda and to create terror on the floor of the Senate on the part of any Member who is going to vote against their interests. Gee, should I vote to deal with the greed on Wall Street if Wall Street is going to pour millions of dollars against me in my reelection campaign?

Do I believe Jack Lew as Secretary of Treasury is going to begin to address the issues of income inequality and wealth inequality in this country? Not for a second do I believe he will do that.

While the wealthiest people are doing phenomenally well, the Federal Reserve reported last year that median

net worth for middle-class families dropped by nearly 40 percent from 2007 to 2010. Can you believe that? It dropped by 40 percent. That is the equivalent of wiping out 18 years of savings for the average middle-class family.

This is even more incredible, and it is absolutely important. I get tired of being one of the very few people up here who talk about it. I hope there will be some other Senators who will talk about what is, in fact, one of the major issues facing this country—income and wealth inequality.

In terms of income, here is a fact that is literally beyond comprehension. The last study on this subject showed that from 2009 through 2011, 100 percent of all new income went to the top 1 percent. All of the new income generated went to the top 1 percent, while the bottom 99 percent—those include some pretty wealthy people—actually saw a loss in their income. What that tells us is that it almost doesn't matter that economic growth now is obviously low. It is not as high as we want it, but it almost doesn't matter because all of the new income generated by this economic growth is going to go to the top 1 percent. Do I think this is an issue Jack Lew is going to address? No, unfortunately, I do not.

Real unemployment in this country is not what the papers report—7.8 or 7.9 percent. Real unemployment is over 14 percent if we count those people who have given up looking for work or who are working part time when they want to work full time—some 23 million people. Have I heard one word from Jack Lew about the need to come up with programs to put millions of people back to work immediately, including the young people whose unemployment rate is higher than that of the general public or people of color who are also economically suffering? I have not.

Millions of people are still underwater on their mortgages, and millions more have seen the American dream of home ownership turn into a nightmare of foreclosure.

The next Secretary of Treasury will be facing enormous challenges. Let me mention just a few. The next Secretary of Treasury will play a central role in regulating and overseeing Wall Street and large financial institutions. Let's never forget that as a result of the greed, recklessness, and illegal behavior on Wall Street, millions of Americans lost their jobs, their homes, their life savings, and their ability to send their kids to college. That is all attributable to the greed and recklessness and illegal behavior on Wall Street.

We need a Secretary of Treasury who does not come from Wall Street but is prepared to stand up to the enormous power of Wall Street. We need a Treasury Secretary who will end the current business model of Wall Street, which is operating the largest gambling casino this world has ever seen, and demand that Wall Street start investing in a productive economy where businesses

actually produce real goods and services and create jobs. Do I believe Jack Lew is going to be doing that? No, I do not.

In my view, we need a Secretary of the Treasury who will understand that when the largest banks in this country have become even larger, it is time to break them up. Do I believe Jack Lew will work to break up these huge financial conglomerates? No, I do not.

Today the 10 largest banks in America are bigger than they were before the financial crisis began. You may remember that we bailed out Wall Street because they were too big to fail; that if these banks went under, they would take a significant part of the American and world economies with them and the taxpayers of this country had to bail them out. Now we find that every single one of the top 10 financial institutions today is larger than they were when we bailed them out some years ago because they were too big to fail.

Today the six largest financial institutions in this country—JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and MetLife—have assets equal to two-thirds of the GDP of this country—over \$9.6 trillion. Six financial institutions have assets equal to two-thirds of the GDP of the United States of America. These six financial institutions issue two-thirds of all of the credit cards, half of all of the mortgages, control 95 percent of all derivatives, and hold nearly 40 percent of all bank deposits in this country.

Do I think this issue—this concern—is something Jack Lew will address? Not in a million years. While millions of Americans continue to struggle through the worst economic crisis since the 1930s, Wall Street is doing phenomenally well today. They caused the recession, we bailed them out, and now they are doing phenomenally well. Financial institutions made over \$143 billion in profits in 2012. It was the most profitable year on record with the exception of 2006, just before the economic meltdown. Incredibly, the financial industry now makes almost half of all nonfarm corporate profits in the United States—up from about 10 percent in 1947.

As someone who has worked hard to elect Barack Obama on two occasions, I remain extremely concerned that virtually all of his key economic advisers have come from Wall Street, and Jack Lew is no exception to that.

Let me be clear. It is not just because Mr. Lew served as a chief operating officer at Citigroup during the financial crisis; it is not just because Citigroup awarded Mr. Lew a \$940,000 bonus as he was leaving to join the State Department; it is not just because Citigroup received a total of \$2.5 trillion in virtually zero-interest loans from the Fed or that the Treasury Department provided Citigroup with a bailout of more than \$45 billion during Mr. Lew's tenure at Citigroup; I am opposed to Mr. Lew's nomination because of the views

he now holds about Wall Street and the financial bailout.

On September 22, 2010, when I asked Mr. Lew at a Budget Committee hearing if he believed deregulation of Wall Street significantly caused the crisis—something that almost all economists agree with—here is what he said:

I don't believe that deregulation was the proximate cause. I would defer to others who are more expert about the industry to parse it better than that.

At his confirmation hearing at the end of this month, Jack Lew called the Glass-Steagall Act “anachronistic,” and said that the Dodd-Frank Act had “effectively” dealt with the issue of too big to fail. I could not disagree more.

In my view, we don't need another Treasury Secretary who thinks that the deregulation of Wall Street did not significantly contribute to the financial crisis. We need someone who will stand up to these huge financial institutions on behalf of the American people, small businesses, and working families and say enough is enough: Wall Street, you cannot continue to operate the way you are.

The next Treasury Secretary will be the lead negotiator for the President on how to reduce the deficit, an issue we are all concerned about. Here is the issue: Do we balance the budget by cutting Social Security, Medicare, Medicaid, education, nutrition, and programs that middle-income and working families depend upon? We could do it that way. PAUL RYAN, chairman of the House Budget Committee, will come up with that proposal, and it will mean huge suffering for tens and tens of millions of families who are already hurting. That is one way we could do deficit reduction.

First of all, I think that approach is way out of touch with what the American people want. The American people have been very clear: They do not want cuts in Social Security, they do not want to cut veterans programs, and they do not want to cut Medicare or Medicaid.

The American people have also been clear that at a time when the wealthiest people and largest corporations are doing phenomenally well, when their effective tax rates are the lowest in decades, when they enjoy huge loopholes that enable them to avoid paying their vast share in taxes, the American people say: Those guys have got to start paying their fair share.

All of us will remember a few years ago when Wall Street was on the verge of collapse because of their greed and recklessness. They came crawling to the Congress and the taxpayers of America and said: We are Americans; we love America; bail us out. Congress—against my vote—bailed them out.

Now these same corporations that told us how much they love America are not only shipping our jobs to China and other countries, they are stashing their profits in the Cayman Islands,

Bermuda, and other tax havens and avoiding their responsibility as taxpayers. Offshore tax schemes have become so absurd that one five-story office building in the Cayman Islands is now the home to more than 18,000 corporations. Everybody knows what that is about. All that is is a mail drop for corporations. They don't exist there; they are just using that address as a means to avoid paying taxes to the United States and other countries.

Let me give a few examples of some of these large corporations and what they have done to avoid paying American taxes at a time when revenue today, as a percentage of GDP, is almost at the lowest it has been in decades. The choice is to cut Social Security, Medicare, and Medicaid, or ask enormously profitable corporations to stop using loopholes to avoid paying taxes. I will give just a few examples, although I could give many examples.

In 2010, the Bank of America—one of the largest financial institutions in this country, an institution bailed out by the working families of this country when they were on the verge of collapse—set up more than 200 subsidiaries in the Cayman Islands, which, by the way, has a corporate tax rate of zero, so they can avoid paying U.S. taxes. How is that? We bail them out, they run to the Cayman Islands, set up 200 separate subsidiaries in order to avoid paying taxes to America. It is time for Congress and it is time for the Secretary of Treasury to address that issue. In a million years do I think Jack Lew is prepared to do that? No, I don't. We need a Secretary of Treasury who will do that.

Not only did the Bank of America pay nothing in Federal income taxes, but in 2010 it received a rebate from the IRS worth \$1.9 billion that year. They pay nothing in taxes, they are enormously profitable, they were bailed out by the American people, and then they get a rebate from the IRS for almost \$2 billion. Then people say: We don't have enough revenue; we have to cut Social Security; we have to cut nutrition programs for hungry children. Yet when one of the largest financial institutions in the country gets a rebate and doesn't pay any taxes, at least for some of my colleagues, that is okay.

In 2010, JPMorgan Chase operated 83 separate subsidiaries incorporated in offshore tax havens to avoid paying some \$4.9 billion in U.S. taxes. That same year Goldman Sachs operated 39 subsidiaries in offshore tax havens to avoid an estimated \$3.3 billion in U.S. taxes. Citigroup—where Mr. Lew actually worked—has paid no Federal income taxes for the last 4 years after establishing 25 subsidiaries in offshore tax havens. On and on it goes.

Wall Street, which was bailed out by the American workers, caused the recession, is now enormously profitable. Its CEOs get huge compensation packages, but when it comes to paying their taxes, suddenly they love the Cayman Islands. My suggestion is that the next

time these crooks destroy their banks and need to be bailed out, let them go to the Government of the Cayman Islands to get their bailout and not the taxpayers of the United States of America.

Let me conclude by talking about trade for a moment because the Secretary of the Treasury gets involved heavily in trade issues. Trade is not a sexy issue, but it is an enormously important issue. I think it is important for all of us to understand that our current, unfettered, free-trade policy has been an unmitigated disaster for the working people of this country. Last year our trade deficit was more than \$540 billion. Permanent normal trade relations with China—remember when that came up? Oh, my goodness, we are going to open up the Chinese market, we are going to create all kinds of jobs in the United States, we are going to sell all of our products to the large population in China. Well, not quite. Not quite. PNTR with China led to the loss of nearly 3 million American jobs, and the NAFTA agreement led to the loss of nearly 1 million American jobs as large multinationals continue to throw American workers out on the street and move to China, Mexico, and other countries where workers are paid pennies an hour.

In 2008, I supported then-Senator Barack Obama when he told the AFL-CIO in Philadelphia the following:

What I refuse to accept is that we have to sign trade deals like the South Korea Agreement that are bad for workers. What I oppose—and what I have always opposed—are trade deals that put the interest of multinational corporations ahead of the interests of American workers—like NAFTA, and CAFTA, and permanent normal trade relations with China. And I'll also oppose the Colombia Free Trade Agreement if President Bush insists on sending it to Congress because the violence against unions in Colombia would make a mockery of the very labor protections that we have insisted be included in these kind of agreements. So you can trust me when I say that whatever trade deals we negotiate when I'm President will be good for American workers, and they'll have strong labor and environmental protections that we'll enforce.

That was Barack Obama, candidate for President in 2008. Unfortunately, President Obama signed those bad trade deals into law while Mr. Lew was the Director of the Office of Management and Budget. As a result, more American jobs have been lost and our trade deficits for all of those countries have gone up. In my view, we need a Secretary of Treasury who will work to fundamentally rewrite our trade policies to ensure that American jobs are no longer our No. 1 export. Do I believe Jack Lew will be that person? Not a chance.

I will conclude by simply saying this: This country faces the most difficult economic times since the Great Depression. Tens of millions of working families, seniors, and children are struggling every single day to keep their heads above water while the wealthiest people are doing phenome-

nally well and large multinational corporations are enjoying record-breaking profits.

Because of all the money Wall Street and these large profitable corporations have, they are investing in the political process, putting in huge amounts of money—hundreds and hundreds of millions of dollars—to elect candidates who will represent their interests and not the interests of the average American.

Now is the time to have people in the Obama administration who are going to stand with the American people, stand with workers, stand with seniors, and have the courage to take on the big money interests that are causing so many problems for our Nation. In my view, Jack Lew is not that person and I will vote against him becoming our next Secretary of Treasury.

With that, I yield the floor.

THE PRESIDING OFFICER. The Senator from Alabama.

MR. SESSIONS. Mr. President, I will just say that I share some of the views of Senator SANDERS. I believe he said we need to stand up to the oligarchy that controls our economy and is involved in depressing wages. I would say most businesses like to pay their employees all they can, but it is better to not pay them more and they look for good workers at lower wages and that is the way they work and that is their interest. We can't look at the big corporations for objective analysis on how to create an economy that serves working Americans. If one thinks that, one is not truly a free market person as I like to see myself. I guess Senator SANDERS sees more of a government-dominated economy and would have the same skepticism about how it works.

So I think we do need to ask ourselves a good deal about what is happening when working Americans have not seen their wages increase. Their wage increases, if at all, have been short of inflation. This has gone on for a decade and something is unhealthy and we need to do better. Mr. Lew did come from that crowd and, apparently, for what he knows about it is a part of it, and I think skepticism is certainly warranted, as I have indicated.

I believe unemployment is high, and higher than people think, and we need to work together. Senator SANDERS talks about trade deals. The Presiding Officer and I have worked together. We got a bipartisan piece of legislation passed that tried to equalize currency differences between the United States and China which would begin to level the playing field rather significantly in favor of American workers who are now being unfairly competed against via currency manipulation by China. That has to be confronted, and I am prepared to do that.

I also hope my colleagues will give some thought to the problem of immigration. There is no doubt that large amounts of immigration, low-skilled, medium-skilled workers pull down the

wages of American working people. So we need to have an honest, effective, lawful system of immigration that serves the American interests as a whole and part of that is to ask ourselves: Is it pulling wages down? In one sense, I would say immigration is the other side of the coin of trade. It is one thing to take a plant and move it to a country and place it down and they work for less; it is another thing to bring the workers from that same country to the United States to work for less, and then the manufacturer may not be hiring American people, may not be able to do so at wages they would need to work. So I would just make that point.

With regard to Mr. Lew, he has made a number of very serious false representations. I am going to put this up one more time. These are words that should live in infamy. They should be an example to anyone in the future who thinks they can come before the Congress and make false representations or make them to the American people. The budget Mr. Lew produced as Office of Management and Budget Director in 2011—he brought it out in February. The day before he produced it, he made this statement on CNN. He also made similar statements on other television programs that Sunday morning. The budget was officially to be produced on Monday. This is what he said:

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.

That was Candy Crowley on CNN that morning. Was that true? Should we consider a man to be Secretary of Treasury, an august position that requires great credibility and integrity, knowledge about how to manage a government and a business and the world economy, if he is not correct on that?

I have asked my colleagues throughout the day: Does anybody defend this? Will anybody come forward and say this is an honest statement of the condition of America at this time when he made that statement, that we are not going to be adding to the debt anymore?

When Mr. Lew submitted that budget the next morning, Monday morning, he made press statements, but he submitted a stack of documents that came with the budget; it was 6 to 8 inches high, and it had tables and accounting from his office. They are his numbers from the Office of Management and Budget where he was a Director. Those numbers show this: They show that there was never a single year in 10 years in which there was a budget surplus. The lowest single deficit in that 10-year period was \$600 billion, in 1 year; the lowest, \$600 billion. The highest deficit President Bush had in his whole 8 years was under \$500 billion. This is the lowest in 10. The 5 years, ac-

cording to his own numbers, the deficits went up to \$740 billion, \$750 billion in the 10th year, going up. Truthfully, they were going up even more so in the next 10 years.

The Congressional Budget Office came in and they analyzed the same numbers and they take assumptions and policies. They use the same framework and the same policies, but they traditionally make more realistic assumptions. They concluded that in the 10th year, the deficit wouldn't be \$744 billion but 1,200 billion, 1.2 trillion. They say Mr. Lew's assumptions were too rosy. He projected more growth than was likely to occur and got better numbers than were likely to occur.

But, regardless, I am not basing my complaint on the fact he had too rosy a scenario; I am basing my concern on the fact that Mr. Lew misstated what was in his own report, even his rosy numbers. How can he say we are spending only money we have each year, when the lowest deficit is \$600 billion?

He came before the Budget Committee and I asked him about it. I was flabbergasted. How could he say that? We looked at the budget he submitted and had a full—as much time as we liked, but the numbers were clearly not sustaining what he was saying publicly. So I asked him: Is it an accurate statement? Is this an accurate statement? I read it right back to him. This is what he said:

It's an accurate statement that our current spending will not be increasing the debt.

He went on to say:

We have stopped spending money we don't have.

I would just say if we are going to have a compromise around here, if we are going to discuss rationally how to get this country on a sound path, we can't have the budget director saying basically he has a surplus when he doesn't come close to having a surplus. Erskine Bowles, the man President Obama appointed to head the debt commission, said a few days after this, I think the 13th or the 14th: This budget goes nowhere close to where they will have to go to avoid a fiscal nightmare. That is President Obama's expert who spent a year heading, cochairing the Simpson-Bowles deficit commission—nowhere near. Yet what did Mr. Lew say about it? Don't worry, American people. You don't have to tighten your belt. No agencies have to make cuts. If those mean Republicans make any suggestions of reducing spending, we will just attack them because they are hurting old people, children, schools, and so forth.

That is the game that was played. I don't appreciate it. It is not right. We do not need to have high-ranking officials coming before this government misrepresenting the most fundamental facts about our future on the most critical issue of our time.

Admiral Mullen said the debt is the greatest threat to this Nation's national security. If the Office of Management and Budget Director can't tell

the truth, he doesn't need to be promoted to be the Secretary of Treasury, one of the great Cabinet positions in the United States; the top, primary economic position in our country—and the world, for that matter.

What does this prove? It proves he has a political staff mentality, not an august, independent personality of leadership. I hate to say that. I don't know Mr. Lew personally. I have met him, but that is about it. I haven't been involved in these negotiations where he has been the "heavy" according to Mr. Bob Woodward in his book, and the people who were in there whom he obstructed and refused to allow compromises to go forward. He was the point man for the failure of the discussions that had been going on for several years between the White House and the Congress to try to reach a plan that would put America on a sound course.

What is particularly amazing is that at the same time he was announcing the President's budget—later on that year Congressman RYAN and the House Republicans passed a 10-year budget that would change the debt course of America, tighten spending across the board, alter tax rates in a way to create economic growth, reduce the deficit dramatically, and put us on a sustainable, long-term path. I wouldn't agree with everything in it, but it was a very solid effort. Erskine Bowles praised the effort. Alice Rivlin, President Clinton's OMB Director, also complimented the effort. But President Obama and Jack Lew trashed it and politically spent 2 years campaigning against it while the Members of this body refused to bring forth a budget at all—not the Senate Democrats, oh no. Senator REID said it would be foolish for us to bring forth a budget. Today marks the 1,400th day since this body has passed a budget. Passing a budget in the Congress is required by the United States Code. Unfortunately, it does not put people in jail if they do not do their duty. But it is in there, and it was not done.

So Mr. Lew has been very loose, made statements that are not justifiable. They are just not justifiable.

For example, on February 15—2 days after this—being interviewed by National Public Radio, he said:

If we're able to reduce the deficit to the point where we can pay for our spending and invest in the future, that is an enormous accomplishment. This budget has specific proposals that would do that.

It does not. It does not bring us to the point where we can pay for our spending and invest in the future. We have nothing but unsustainable deficits each year.

He goes on to say, in a different CNN interview: It takes real actions now so that between now and five years from now, we can get our deficit under control so that we can stabilize things so that we're not adding to the debt anymore.

Again, there is not a single year in Mr. Lew's budget that the deficit was lower than \$600 billion.

Oh, later, at ABC, he said:

This budget has a lot of pain—

It did not have much cuts, that is for sure.

[But] it does the job, it cuts the deficit in half by the end of the president's first term.

Give me a break.

The fourth year in President Obama's term, the deficit was \$1,200 billion. That is what it averaged all 4 years. President Bush's average deficits were probably \$250 billion, \$300 billion maybe. The highest he ever had was \$450 billion.

So when he says he is going to cut the deficit in half—no, not so. He did not come close to cutting the deficit in half. He went on the say:

It's going to take a lot of hard work just to take us to the point where we're not adding to the debt.

He did a White House blog on February 13—the same day as this:

Like every family, we have to tighten our belts—

That is true—

and live within our means while we are investing in the things that we need to have a strong and secure future. . . . We know that you have to stabilize where we are going before you can move on and solve the rest of the problem. This budget does that.

So I think those descriptions of his budget are stunningly erroneous, and I do not believe it was a mistake. He served in the Office of Management and Budget under President Clinton. He was not the boss, but he was one of the top ones. He knew the budget continued to add to the debt every single year in an unprecedented and unsustainable amount.

He produced a budget that made no change in America's debt course of any significance—virtually none—and then announced it solved all our problems. He basically told the American people: Well, don't you worry. Stick with us. We have a plan. You do not have to have all those cuts. You do not have to have those cuts. These people just want to get your money. Follow us. Relax. Cool it. It is OK. We have a plan. Our plan will solve this problem.

It was not true, and I am very unhappy with that. I think we cannot allow that to continue.

He did other things. He served as one of the top people in the OMB during President Clinton's term for a period of time. He knows how the budget process works. He, in my opinion, was totally on board with the majority leader in the Senate, Senator REID, in his decision not to bring up a budget. They did this jointly. They talked about it. There is no doubt about that. This was all a planned strategy not to expose Senate Democrats to any real reduction in spending but to attack anybody who had the gumption to lay out a real plan that might change the spending in America. That was the campaign strategy. So he worked on that. That is where he was.

So we began—and I was the ranking Republican on the Budget Committee—we had all these young Senators who got elected in 2010. They wanted to be on the Budget Committee. They wanted to be involved in fixing this country's financial problem. They campaigned on it. They talked about it all over their States. It was the most competitive committee here. We had a long list of people who wanted to get on the committee. They all could not get on. But we got some very good, talented people to join the committee and we do not have a budget. We have not had a budget in 1,400 days.

So Mr. Lew was asked: Why doesn't the Senate do a budget? Do you know what he said? This is a quote on CNN.

. . . we . . . need to be honest. You can't pass a budget in the Senate of the United States without 60 votes. . . .

Yes, we do need to be honest. Let me read the quote again:

. . . we . . . need to be honest. You can't pass a budget in the Senate of the United States without 60 votes. . . .

Surely, he knows we cannot filibuster a budget. Surely, he knows a budget is passed by a simple majority. That is why a budget is so important. That is what the Budget Act did. It said the country needs a budget. It should not be filibustered. You should be able to pass a budget with 51 votes, and it cannot be filibustered. It has been that way since 1974. It is in the United States Code—the Budget Act.

He said that twice. Mr. Lew has to know better than that. Everybody knows that. We cannot filibuster a budget. And yet he was defending the inaction in the Senate and did not seem to care whether his words were true, I would suggest, and that is not good.

So we get into problems with integrity as it comes to spending in America. Time and time again, we have estimates that underestimate the cost of a program and at the same time overestimating the revenue for the program.

Just 2 days ago, I asked for and received—actually, 1 day ago, yesterday—from the Government Accountability Office an accounting of the President's health care proposal. As you remember, the President said: I will not sign a bill that adds one dime to the national debt—not one dime. Everybody said: How are you going to add all these people into government health care and it not cost money? Oh, we are sure this is not going to happen. Trust us. Trust us. Do it. But we just got back a report. They conclude that there are several parts of the bill that project savings that will not occur, resulting in a shortfall of revenue over the life of the bill. They indicate it would add more than \$6.2 trillion to the primary debt of the United States. In other words, with an unfunded liability of that much, it would take \$6.2 trillion being deposited today and paying out over 75 years to supplement this program to keep it from failing. It will cost more than a dime. It will cost \$6.2

trillion. It is another unsustainable program. It does not have dedicated revenue. It is going to cost more than this, frankly. But this is the latest report that hammers this idea that it is not.

So I guess what I am saying is, this is truly serious. Our total budget today is less than \$4 trillion. This is going to add \$6 trillion. Our budget this year is about \$3.5 trillion. That is how much we spend. We take in about \$2.5 trillion. We spend \$3.5 trillion. Thirty-six percent of what we spent last year was borrowed money because we do not bring in enough money to pay for our current expenses.

We just got a report yesterday from the Government Accountability Office—an independent group that does good work—saying it is going to add \$6.2 trillion to the deficits. That is why we have to have integrity here. This is how we go broke. This is how we are getting this country in a position we do not need to be in.

During my remarks today, I have exhaustively documented the case against the confirmation of Mr. Lew. I do not do it for personal reasons. I do it simply because I think it is the right thing for our country. I have detailed his disastrous budget plans that were rebuked by editorial boards across this country and unanimously rejected by Congress. Remember, his budget was brought up in the House. It got not a single Republican or Democratic vote. It was brought up in the Senate—not a single Republican or Democrat voted for the budget. What a rejection. This is the man we are going to promote to Secretary of Treasury?

I have discussed his repeated, knowing, and deliberate false statements about those budget plans—most notoriously his claim that “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. . . .”

I have discussed his curiously enriching time at a failed division of Citigroup, the bank that had the greatest difficulties, perhaps, of any bank, and he headed the division where some of the worst problems were. He got a big bonus just about the time they got a \$310 billion bailout loan guarantee—\$310 billion.

As I close my remarks, I would appeal to my colleagues to oppose Mr. Lew. I would appeal to my colleagues to defend the integrity of the Senate, to defend the right of our constituents to hear the truth from government officials through CNN or whatever program they are hearing, and to defend the idea—the very concept—of truth itself as an objective matter.

I would also like to place this in a wider context. Today is the 1,400th day since Senate Democrats have passed a budget. They say we will have one this year. Maybe we will. Why has this gone on so long? Because they decided it would be better to offer no solution, no plan, to help struggling Americans and,

instead, tear down anyone who dared offer a plan to solve our Nation's economic problems. This is the heart of the problem in Washington right now. We have one political party that sees the budget debate as an exercise in political warfare, to advance power, not problem solving.

At the center of this strategy is the White House, and at the center of the White House is Mr. Lew. In his campaign for reelection, President Obama repeatedly said he had a plan to "pay down our debt." If he did, he never submitted it to Congress. He did not have one. He even ran a campaign ad, late in the campaign, saying:

I believe the only way to create an economy built to last, is to strengthen the middle class—asking the wealthy to pay a little more so we can pay down our debt in a balanced way. So we can afford to invest—

More, I guess—
in education, manufacturing, and home-grown American energy, and for good middle class jobs.

But did he have such a plan? Not Mr. Lew's plan, at that point his Chief of Staff, supervising the OMB Director, who followed him. Again, this was the strategy: offer a plan that does nothing to alter our dangerous debt course while pretending it does just the opposite. Then, once you have done that, attack anyone who dares to propose to reduce the size of the bureaucracy, attack anyone who suggests Washington is too powerful—attack, attack, attack, while never offering anything that would actually work to help Americans who are struggling every day. After the White House budget was submitted in 2011, this budget I have referred to that he announced, President Obama, if you remember, spoke at George Washington University in your area, with Congressman PAUL RYAN, the House Budget chairman in attendance, sitting right before us.

Congressman RYAN, as you remember, had laid out a plan which would fix the financial future of America, if adopted, and put us on a sound course.

President Obama responded:

One vision has been championed by Republicans in the House of Representatives. . . . It's a plan that aims to reduce our deficit by \$4 trillion over the next 10 years. . . . But the way this plan achieves [that goal] would lead to a fundamentally different America than the one we've known throughout most of our history. . . . This is a vision that says up to 50 million Americans have to lose their health insurance in order for us to reduce the deficit. And who are those 50 million Americans? Many are someone's grandparents who wouldn't be able to afford nursing home care without Medicaid. Many are poor children. Some are middle-class families who have children with autism or Down's syndrome. . . . These are the Americans we'd be telling to fend for themselves.

This is our level of debate in Washington: when Congressman RYAN deals honestly with the challenges we face to tighten the belts across the board, create mechanisms to enhance American growth and job creation, this is what the President said—with him sitting right there.

Senator REID produces nothing, brings out no budget, because he says it is foolish to do so? He meant foolish politically. He didn't mean foolish for America not to bring forth a budget. How could it possibly be foolish for America, the United States Senate, to comply with U.S. law that says we should bring up a budget?

Majority Leader REID said of one Republican reform effort that it was "a mean-spirited bill that would cut the heart out of the recovery that we have in America today. It goes after little children, poor little boys and girls. We want them to learn to read."

This is the level of debate we have in this country. This is why we have a sequester that can't be fixed, this kind of ridiculous talk. Somebody needs to stand up and say we are tired of it.

My plan, my view for America, is to help poor people be prosperous, rise out of poverty. We don't judge that by how many checks we send out, how much deficit we run up, and leave our country in danger. The Republicans, candidly, have not done enough to stand up to these egregious attacks. We need to defend ourselves more effectively and aggressively. Voting against Jack Lew would be a vote against dishonest tactics, misrepresentation of facts.

Every Republican ought to ask themselves, should I vote to advance a man to a top position he is not really qualified for, who is loyal to the President's political agenda, and places that above telling the truth?

The painful truth is to some extent this political strategy has been successful up to now. President Obama and his Senate majority have blocked fiscal reform and continued on our path to fiscal disaster. It is time we pointed out that the establishment they are shielding from cuts, the big government apparatus they continually defend, is hurting people every day. It is bloated, it is inefficient, it is duplicative, and fraud occurs every day.

Their policies, their endless support of the bureaucracy has created poverty, joblessness, and dependency. It has created low wages, low growth.

In cities such as Baltimore, Detroit, and Chicago, governed almost exclusively by Democrats and Democratic policy at every level, the good, hard-working people are hurt every day by these leftist policies. They do not work.

In the city of Baltimore, one in three children live in poverty. One in three Baltimore residents are on food stamps. Imagine that, the great city of Baltimore.

In Chicago, where roughly 500 homicides occurred in 2012, 51 percent of the city's children live in a single-parent home.

In Detroit, almost one in three households had not a single person working at any time in the last 12 months. Almost one-third of them hadn't had a single person working. The city's violent crime rate is among

the worst in the country. More than one-half of all Detroit children live in poverty.

This should not happen. What is the response? Borrow more money and send out more checks. This is not the way to help people. These are the consequences of leftist policies. We are opposed to those policies. They do not work. They hurt the people, they pretend and assert that they are helping.

We are fighting for policies that create jobs, create rising wages, create opportunity, help more people earn a good living and care for themselves, be independent and prosperous and get on the road to higher wages, supervisory positions, health care and retirement benefits. This can be possible in this country. We are trying to lift people out of poverty and strengthen family and community. We are trying to protect the good and decent people of this country from a debt crisis.

Ersine Bowles and Alan Simpson told us this Nation has never faced a more predictable financial crisis. They said if we don't get off this course, this unsustainable path, we may have another one, and it may be worse than the 2007 one.

Where does Mr. Lew stand? Where does the White House stand? They did everything they could to defend the bureaucracy, no matter the cost in wasted dollars or lost jobs. Mr. Lew submitted an indefensible budget plan that would have caused further social and economic devastation. They deliberately misled the Nation about that plan, deliberately misled the country about it. He knew this wasn't true, and then he participated in a strategy that shot down any efforts from the Republican side to reform the situation.

I urge my colleagues to reject these tactics from the White House. I urge them to stand up for the good and decent people of this country who work hard every day, try to do the right thing, want to get ahead, and want to see their wages rise instead of stagnate. I urge them to vote to hold high government officials accountable by putting politics ahead of policy or sacrificing truth for political gain. I urge them to oppose Mr. Lew.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. COBURN. I ask to speak as if in morning business.

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

SEQUESTERATION

Mr. COBURN. I want to spend a few minutes this afternoon talking about what is going to happen on March 1, something we have known is going to happen for 18 months. Nobody really wanted it to happen this way, but I want to make the case if we give the administration the flexibility, we can easily swallow \$85 billion a year in reductions.

I am going to go through a small set of oversight reports I have actually done in the last year or so talking